

Weekly Legislative Report -----Kansas Legislature 2020

Kansas Legislative Report, February 17-21, 2020

With the official halfway point in the session on the 27th, Monday is the last day for committees to meet and work bills. Each Chamber will be on the floor debating legislation until adjournment on Thursday, after which the Legislature will enjoy a five-day break until March 4. All bills that have not been “blessed” or reside in non-exempt committees, and don’t pass their Chamber of Origin by the 27th, are considered dead for the year.

Budget

More transportation talks occurred this week in both legislative budget committees. Formal hearings on the Governor’s plan for highways, trains, and airports were started on the same day in the House and Senate. The Secretary of Transportation continued her promotion of the plan, and this time over 30 different groups testified in support. Most testimony heartily approved of the new structure of the plan, allowing for more local input and having a quicker turnaround for decisions on projects. There was concern by some about using the alternative delivery method for construction on these projects. Small contractors especially were worried that alternative delivery could shut them out of the process. The transportation plan is really still in the beginning stages of the budget process. There is agreement on needing such a plan, but the final version is still not set. Because there are millions of dollars at stake, this plan could be one of the last pieces of legislation to get done this session.

Another transportation related issue that took up both budget committee’s time this week was budgeting for the purchase of new aircraft for the Kansas Highway Patrol. The KHP is asking for three new aircraft, two helicopters and a plane. The KHP has five aircraft now that they use for law enforcement purposes, but usually half of those are down with repair or maintenance. One plane is over 20 years old, and most are over 10 years old. The KHP is the only law enforcement agency in Kansas now that has aircraft, and they are called out frequently to aid local agencies across the state. They also help in search and rescue and help in natural disasters. Right now, it looks like the KHP will get one of the helicopters they requested, along with some new infrared radar equipment. The

Significant Dates and Events

Thursday, February 27th

Last day to consider non-exempt bills in house of origin.

Wednesday, March 25th

Last day to consider non-exempt bills not in originating chamber.

Friday, April 3rd

First Adjournment



funding mechanism on all this is really a major part of this debate. How that gets resolved is not clear at the moment.

Taxes

The Senate Tax Committee passed out another three **property tax reform** bills that deal with **appraisers and the Board of Tax Appeals (BOTA)**. [Senate Bill 265](#) would give the option for a party or their attorney to receive notices or orders from BOTA by electronic means. Service by electronic means would be complete upon transmission. [Senate Bill 262](#) would allow an aggrieved party to request a full and complete opinion from BOTA within 21 days after date of service of the Board's decision. [Senate Bill 297](#) would require appraisal directives to require compliance with uniform standards of professional appraisal practice in performance of property tax appraisals. SB 297 was placed on the Consent Calendar. The other two await consideration by the full Senate.

The Committee also heard two more property tax bills, [Senate Bill 301](#) and [Senate Bill 309](#). SB 301 would change the **property tax valuation cycle from one to three years**. Senator Hildebrandt testified that Kansas is only one of 11 states that value annually. "Sticker shock" was a common reason for opposition during the hearing. SB 309 would clarify in statute what is evident in case law that the **burden of proof in property classification disputes** falls on the county rather than the taxpayer. The Chair has indicated that she plans to work both bills soon.

A bill from last year, [Senate Bill 196](#), was heard in the Senate Tax Committee and expands the **expense deduction** to all taxpayers. Under current law, Kansas corporations, banks, trust companies, and savings and loans are allowed to claim the Kansas expensing deduction for investments in qualifying machinery and equipment that are placed into service in Kansas for tax year 2014 and each future tax year. SB 196 would also allow individual income taxpayers to claim the expensing deduction. The bill got held up during conference committee discussions last session, but there appears to be a desire to act on the bill this year.

The House Tax Committee heard [House Bill 2553](#), the **federal decoupling** bill from the Tax Cuts and Jobs Act. A very similar proposal was vetoed last year by Governor Kelly. The bill deals mostly with foreign income made by multinational companies based in Kansas. Most expect the governor to veto the bill again, but proponents are hoping to negotiate on certain items to lower the fiscal impact.

Commerce

The House Commerce Committee heard [House Bill 2529](#) that extends the sunset of the **STAR Bonds** program to 2025, adds rural redevelopment projects and major business and medical facilities, increases certain project investment and sales tax requirements, and adds a return on investment analysis. There were many proponents during the



hearing, including Cerner, Polsinelli, Kansas Policy Institute, Americans for Prosperity, Travel Industry Association of Kansas, the League of Kansas Municipalities, and several others. The Senate is expected to introduce their own bill and coordinate with the House on a final proposal.

The Committee also held a hearing on [House Bill 2702](#), a bill that would remove the requirement under current law that taxpayers who claim the **High Performance Incentive Program** (HPIP) tax credit participate in either the Kansas Industrial Training (KIT) or Kansas Industrial Retraining (KIR) Programs. The Kansas Department of Commerce testified during the hearing that the credit has gone down by 50% over the last few years, and decoupling the programs frees up money to be used more efficiently for other training programs. The Kansas Chamber and several local chambers were supportive of the measure. There was no opposition.

Insurance

The Senate Financial Institutions and Insurance Committee heard [Senate Bill 323](#), dealing with personal automobile liability insurance and property and casualty insurance. The bill would clarify that it would not be considered a **denial of renewal** if changes are made to an individual's policy, and the insured receives a copy of the new policy more than 30 days prior to the renewal date. For businesses, the new policy must be received more than 60 days prior to the renewal date.

The Senate FI&I Committee also held two days of hearings on [House Bill 2459](#) that would require health insurers to **expand coverage of treatment of mental illness** and substance use. For patients who have substance use disorder, are afflicted with suicidal ideation, or are actively suicidal, the bill would require health insurers to provide coverage without prior authorization or utilization review. The committee is expected to act on the bill next week.

The House Insurance Committee heard a bill that would provide instances when a **pharmacy benefits manager's (PBM) license** could be revoked, suspended, or placed on probation and when an application for a license or reinstatement of a license could be denied. The bill also places requirements on PBMs to produce and submit periodic transparency reports to covered entities, plan sponsors, and the Insurance Commissioner. [House Bill 2598](#) is expected to be acted upon next week.

Health

The Senate Health Committee began their work on [Senate Bill 252](#), which expands **Medicaid** in Kansas. Several controversial amendments were added to the bill that ultimately led to the measure stalling in committee; and no action was taken. Supporters of expansion argue that the amendments were designed to kill the bill. They include a work or education requirement; provider opt-out for birth control or abortion services; a



delay until the Supreme Court rules on the ACA individual coverage mandate; and provision that enactment is dependent upon passage of the abortion constitutional amendment.

The Senate Ways and Means Committee is scheduled to take final action on [Senate Bill 255](#) next week, which would appropriate \$10 million per year to the NCI-designated **University of Kansas Cancer Center**.

The House Appropriations Committee heard [House Bill 2522](#), a bill that is part of the House GOP's "Make Kansas Work" Plan. The proposal creates a \$30 million **Rural Hospital Innovation Grant Program** within the Kansas Department of Health and Environment (KDHE). Douglas, Johnson, Sedgwick, Shawnee, and Wyandotte counties are not eligible to apply. Transitional assistance would be granted when a hospital's current healthcare delivery model is changed to a more appropriate system for the community served. Every \$1 of state funds awarded would require a \$2 match from private stakeholders, which could include hospital foundations or other organizations. The Kansas Hospital Association was supportive of the bill during the hearing.

Transportation Plan

Both the House and Senate budget committees held hearings on the Kansas Department of Transportation's (KDOT) new "**FORWARD**" **state transportation plan**. Companion bills, [Senate Bill 375](#) and [House Bill 2588](#), outline a multi-modal plan that will have a rolling 2-year project window where each of the six Transportation Regions can submit three projects into the pipeline. Projects are then vetted for construction—looking for local match, feasibility, and other criteria. Not all projects in the pipeline will be selected for construction. FORWARD will be funded by a three-year restoration of the sales tax transfer, bonding authority, and an increase in the local match. The Kansas Contractor's Association (KCA) testified during the hearings that they would like to see a "**trigger**" **mechanism** inserted into the bills that would trigger an additional penny sales tax on motor fuel if the state sweeps more than \$150 million from the State Highway Fund for other SGF priorities. At this point, there does not appear to be much support for the KCA's proposal.

Sports Wagering

After days of deliberation, the Senate Federal and State Affairs Committee finally passed out [Senate Bill 283](#), **legalizing sports wagering in Kansas**. The state would receive 7.5% of revenues from sports betting at the four state-owned casinos and 10% on internet gaming through casinos' chosen vendors. The Kansas Lottery opposes the bill in its current format, as it does not allow online lottery sales. Governor Kelly has also threatened to veto the bill if iLottery does not get included. Lawmakers are still hopeful that a compromise can be made between the casinos and the Lottery at some point as the bill moves through the process. SB 283 now advances to the full Senate.

Banking

After negotiations between bank and credit union representatives proved unsuccessful, the Senate Financial Institutions and Insurance Committee finally acted on [Senate Bill 259](#), which **grants banks a privilege tax deduction** for net interest from certain business and single-family residence loans. The bill was amended before passing out of Committee to limit the deduction to loans only made in Kansas. Lawmakers also approved a conceptual amendment that expands the service area for credit unions from 1 million people to 2.5 million. The contentious bill is viewed by the Heartland Credit Union Association as a double standard, giving for-profit banks the tax benefits of not-for-profit credit union cooperatives while not requiring them to adhere to the same market restrictions. The bill now heads to the full Senate for consideration.

Legal Reform

Four new tort reform bills were introduced this week in the Senate Judiciary Committee that deal with **attorney's fees and litigation practices**:

- [Senate Bill 444](#): restricting certain contracts by public entities for legal services on a contingent fee basis. The Attorney General's Office introduced and testified on a similar bill in the House earlier this session, [House Bill 2461](#). The House Judiciary Committee began working HB 2461 and plans to take final action on Monday.
- [Senate Bill 445](#): prohibiting deceptive lawsuit advertising practices and restricting the use or disclosure of protected health information to solicit individuals for legal services.
- [Senate Bill 446](#): capping attorney's fees in certain civil actions.
- [Senate Bill 447](#): requiring certain discovery disclosures in third-party funded litigation and requiring payment of certain costs for nonparty subpoenas.

Agriculture

The House Agriculture Budget Committee approved an additional appropriation of \$300,000 to the Kansas Department of Health and Environment's (KDHE) Bureau of Air Quality. The KDHE is proposing an increase on Class I and Class II air emitters due a decrease in emissions and corresponding revenue coming into the **Air Quality Program**. The EPA mandates air quality standards and that the state inspect these facilities on a prescribed schedule. This appropriation, if approved in the final budget bill, would prevent partly or in full the proposed permit fee increases. The full House Appropriations Committee is expected to act on the subcommittee's report next week. [House Bill 2715](#)



was also introduced to restrict the KDHE from raising air permit fees without legislative approval and also includes a **cap on such assessed fees**. No hearing is scheduled on the bill, and some legislators are considering adding those provisions as a budget proviso instead.

The full Senate approved [Senate Bills 285](#), [286](#), and [287](#). These non-controversial bills extend the sunsets several **underground storage tank** redevelopment funds, as well as raises the reimbursable amounts to tank owners that upgrade to double-wall systems and/or incur clean-up costs from a contamination release. They now head to the House Agriculture Committee after Turnaround.

The full House passed [House Bill 2432](#) by a vote of 122-0. The bill creates the Kansas **pesticide waste disposal program** within the Kansas Department of Agriculture and allows up to \$50,000 be transferred annually from the Kansas agricultural remediation fund for administration of the program. The bill now heads over to the Senate Agriculture Committee after Turnaround.

The committee also heard [Senate Bill 449](#), a bill that would **removing cannabis products that contain up to 0.3% THC from the list of controlled substances** listed in schedule I of the uniform controlled substances act. This change will allow the legal sale of full-strength CBD products up to 0.3% THC, which is the allowable limit in industrial hemp. Law enforcement agencies were strongly opposed to this bill but are willing to work toward another solution. The Chair indicated that he will not work this particular bill this year but hopes parties can address the issue another way.

Additional Action

The Senate Transportation passed [Senate Bill 267](#), which changes the violation of **driving with an unsecured load** from a class C misdemeanor to a traffic violation. The bill was amended to limit it to unsecured “agricultural foliage” only. The bill forwards to the full Senate.

Two companion bills, [Senate Bill 242](#) and [House Bill 2517](#), were passed out of their respective Tax Committees and would provide a **tax abatement or credit on agricultural homestead property** destroyed or at least 50% destroyed during a Governor-declared state natural disaster. The bills were introduced by two legislators that represent the Leavenworth County area and in response to the damaging tornados they experienced last spring. The agribusiness industry was successful in amending HB 2517 to extend the abatement/credit to public grain warehouses in addition to on-farm storage. The Senate Committee amended SB 242 to extend the abatement/credit to all commercial property. Both bills await consideration by their full Chambers.

The Senate Judiciary Committee passed [Senate Bill 344](#), which removes the vehicle photo requirement in the **Scrap Metal Theft Reduction Act**. The bill leaves the integrity



of the database intact, which is being implemented this year to help law enforcement better track and prevent metal theft. The bill now awaits consideration by the full Senate.

The House Tax Committee is scheduled to take action on [House Bill 2460](#) next week, a bill that would provide an income **tax credit to short line railroads** for qualified track maintenance expenditures. The agribusiness industry proposed an amendment during the hearing to extend the tax credit to owners and lessees of rail siding located on or adjacent to a Class II or III railroad that make the same eligible track upgrades. The Chairman has expressed support of the amendment, as well as the underlining bill.

Bill Number	Bill Sponsor	Bill Subject	Current Status	Last Action	Notes
SB 9	Molly Baumgardner, R-37th	Authorizing the transfer of \$115,000,000 from the state general fund to the Kansas public employees retirement fund during fiscal year 2019	Approved by Governor	3/8/19 Approved by Governor Laura Kelly	
SB 13	Caryn Tyson, R-12th	Increasing and allowing Kansas itemized deductions, allowing individual expensing deduction, providing for certain income tax credits, allowing rural opportunity zone for certain counties, extending certain counties countywide retailers' sales tax, providing for sales tax definitions and exemptions for certain sales	In Senate Federal Tax Code Implementation	01/18/2019 - Senate Withdrawn from Assessment and Taxation; referred to Federal Tax Code Implementation	

SB 22	Senate Federal and State Affairs Committee	Kansas itemized deductions, election, providing for deferred foreign income, global intangible low-taxed income, business interest, capital contributions and FDIC premiums income tax modifications	Veto sustained	04/24/2019 - Senate No motion to reconsider; veto sustained	
SB 47	Senate Assessment and Taxation Committee	Creating the student opportunity scholarship program	In Senate Education	02/13/2019 - Senate Scheduled Final Action in Education: Wednesday, 2/20, 1:30 PM, Rm 144-S	
SB 57	Mike Petersen, R-28th	Requiring review of information technology contracts by the joint committee on information technology	In Senate Ways and Means	03/18/2019 - Senate Scheduled Hearing in Ways and Means: Wednesday, 3/20, 10:30 AM, Rm 548-S	
SB 71	Senate Education Committee	Eliminating the expiration of the postsecondary technical education authority and	Approved by Governor	4/10/19	

		requiring a report to the legislature		Approved by Governor Laura Kelly	
SB 72	Senate Ways and Means Committee	Supplemental appropriations for FY 2019, FY 2020, FY 2021, FY 2022, FY 2023 and FY 2024 for various state agencies	In Senate Ways and Means	03/08/2019 - Senate Scheduled Hearing in Ways and Means: Tuesday, 3/12, 10:30 AM, Rm 548-S	
SB 74	Senate Ways and Means Committee	Providing a post-retirement benefit increase (COLA) for certain KPERS retirants	In Senate Ways and Means	02/01/2019 - Senate Referred to Ways and Means	
SB 336	Senate Education Committee	Creating the Kansas reinvest in postsecondary education act	In Senate Education	02/17/2020 - Senate Scheduled Discussion and Possible Action in Education: Friday, 2/21, 9:30 AM, Rm 152-S	
SB 354	Senate Education Committee	Amending the private and out-of-state postsecondary educational institution act clarify the state board of regents' authority and	On General Orders in Senate	02/19/2020 - Senate	

		provide additional student protections and institutional accountability		Committee Report recommending bill be passed as amended by Education	
SB 385	Senate Ways and Means Committee	Supplemental appropriations for FY 2020 and FY 2021 for various state agencies	In Senate Ways and Means	02/11/2020 - Senate Referred to Ways and Means	
SB 386	Senate Ways and Means Committee	Appropriations for FY 2020, FY 2021 and FY 2022 for various state agencies	In Senate Ways and Means	02/11/2020 - Senate Referred to Ways and Means	
SB 466	Senate Assessment and Taxation Committee	Discontinuing state property tax levies for the Kansas educational building fund and the state institutions building fund and providing for financing from the state general fund	In Senate Assessment and Taxation	02/21/2020 - Senate Referred to Assessment and Taxation	
HB 2005	Elizabeth Bishop, D-88th	Allowing an individual to itemize deductions in Kansas despite not itemizing on their federal return	On General Orders in House	02/19/2020 - House Committee Report recommending bill be passed as amended by Taxation	
HB 2011	Nick Hoheisel, R-97th	Sales tax exemption for	In House Taxation	02/07/2019 - House	

		required textbooks		Scheduled Hearing in Taxation: Tuesday, 2/12, 3:30 PM, Rm 112-N	
HB 2100	House Financial Institutions and Pensions Committee	Providing a post-retirement benefit increase (COLA) for certain KPERS retirants	In House Financial Institutions and Pensions	02/06/2019 - House Scheduled Hearing in Financial Institutions and Pensions: Monday, 2/11, 9:00 AM, Rm 281-N	
HB 2112	Kenneth Collins, R-2nd	Adding Crawford and Dickinson counties to the list of eligible rural opportunity zone counties	Stricken from Calendar in House	02/28/2019 - House Stricken from Calendar	
HB 2121	House Appropriations Committee	Supplemental appropriations for FY 2019, FY 2020, FY 2021, FY 2022, FY 2023 and FY 2024 for various state agencies	In House Appropriations	03/13/2019 - House Scheduled Discussion and Possible Action in Appropriations : Tuesday, 3/19, 9:00 AM, Rm 112-N	
HB 2153	House Federal and State Affairs Committee	Repealing statutes pertaining to student religious associations	In House Federal and State Affairs	02/07/2019 - House Referred to Federal and State Affairs	
HB 2216	John Alcala, D-57th	Establishing state	In House Higher	02/13/2019 - House	

		employee student loan repayment assistance act	Education Budget	Scheduled Hearing in Higher Education: Wednesday, 2/20, 1:30 PM, Rm 281-N	
HB 2264	Brandon Whipple, D-96th	Providing a tax credit to pell grant recipients at a postsecondary educational institution	In House Taxation	02/13/2019 - House Referred to Taxation	
HB 2265	Brandon Whipple, D-96th	Award of college credit hours for passing CLEP and other college examination programs	In House Higher Education Budget	02/15/2019 - House Scheduled Hearing in Education Budget: Wednesday, 2/20, 1:30 PM, Rm 281-N	
HB 2266	Brandon Whipple, D-96th	Prohibiting universities from charging fees for certain scholarship applications	In House Higher Education Budget	02/13/2019 - House Referred to Higher Education Budget	
HB 2288	Renee Erickson, R-87th	Creating the Kansas student and educator freedom of religious speech act	In House Education	02/18/2019 - House Scheduled Hearing in Education: Thursday, 2/21, 1:30 PM, Rm 218-N	

HB 2297	Barbara Ballard, D-44th	Permanently exempting postsecondary educational institutions from the public buildings law under the personal and family protection act	In House Federal and State Affairs	02/14/2019 - House Referred to Federal and State Affairs	
HB 2301	Brandon Whipple, D-96th	Establishing the tax credit for low income postsecondary students scholarship program act and providing for the elimination of the tax credit for low income students scholarship program act	In House Taxation	02/14/2019 - House Referred to Taxation	
HB 2312	Tim Hodge, D-72nd	Establishing the rural revitalization student loan repayment program	In House Commerce, Labor and Economic Development	02/14/2019 - House Referred to Commerce, Labor and Economic Development	
HB 2443	Ponka-We Victors, D-	Requiring resident	In House Higher	01/23/2020 - House	

	103rd	tuition rates for certain Native American students at public postsecondary educational institutions	Education Budget	Scheduled Hearing in Higher Education Budget: Wednesday, 1/29, 1:30 PM, Rm 281-N	
HB 2594	House Appropriations Committee	Supplemental appropriations for FY 2020 and FY 2021 for various state agencies	In House Appropriations	02/12/2020 - House Scheduled Hearing in Appropriations : Wednesday, 2/19, 9:00 AM, Rm 112-N	
HB 2597	House Appropriations Committee	Appropriations for FY 2020, FY 2021 and FY 2022 for various state agencies	In House Appropriations	02/12/2020 - House Scheduled Hearing in Appropriations : Wednesday, 2/19, 9:00 AM, Rm 112-N	
HB 2715	House Appropriations Committee	Prohibiting the secretary of health and environment from amending or enacting regulations that would create new or increase air quality control fees	In House Appropriations	02/19/2020 - House Referred to Appropriations	