

Weekly Legislative Report -----Kansas Legislature 2020

Kansas Legislative Report, March 2-6, 2020

The Kansas Legislature returned from their week-long recess on Wednesday to officially start the second half of the 2020 Legislative Session. Other than Budget and Tax, very few committees met; and only a handful of bills were on General Orders in the Senate. The Legislature was Pro Forma on Friday, making it a very quiet, two-day week.

Budget

Another short week for the budget committees. Senators did start discussion on the Judicial Branch budget. The Chief Justice of the Kansas Supreme Court testified during the discussion. She noted that pay for District and Magistrate Court judges and staff is below what a number of other states pay their judges and judicial staff. This low pay is having the affect of not being able to recruit qualified candidates for judgeships, and recruiting and retaining staff is even harder. The rural areas are hardest hit, and the Chief Justice stressed that everyone is entitled to justice. She also noted that not having an adequate judicial system is bad for businesses, especially those looking to enforce contracts. Judicial pay could end up being a hot topic at the end of the session.

The House Appropriations Committee is starting their discussion on the Education budget. The education topics they start with are usually small programs and budget items. They're reviewing a program to deal with dyslexia currently, the Senate side looked at the dyslexia issue last week. The big issues of what funding goes to the classroom, special education, and at-risk programs generally gets worked towards the end of the session. Even now there's some talk about waiting to deal with more budget issues after the April revenue numbers come in.

Taxes

The House Tax Committee met this week to hear one of Governor Kelly's proposals to impose sales tax on digital property beginning next fiscal year. [House Bill 2685](#) would cover a range of digital goods such as music, movies, games, books, mobile applications, and streaming and subscription services. The Kansas Department of Revenue reported

Significant Dates and Events

Wednesday, March 25th

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

Friday, April 3rd

First Adjournment



that 29 other states currently tax digital goods, and that Kansas is losing between \$45-\$50 million in tax revenue each year.

Proponents argue that the legislation is not a new tax, but rather broadens the tax base that has unintentionally fallen off as technology has advanced. Some lawmakers, however, view the measure a tax increase on their constituents – which is never popular during an election year. The committee considered an interim study to look at using the revenue to buy down the overall state sales tax, making the proposal budget neutral.

House leadership this week criticized the Governor’s proposal to tax digital goods; and no action was taken on the bill.

The House Commerce Committee amended and passed out [House Bill 2689](#), which was pulled from the House calendar, blessed, and rereferred back to Committee before Turnaround. The bill extends the sunset on the Angel Investor tax credit from 2021 to 2026 and increases the cap by \$500,000 increments annually, from \$6 million in 2021 to \$8 million in 2025 and ongoing. Any unused tax credits may be carried over into future tax years. The measure also increases the amount of tax credits claimed on a qualified business investment by 50% and raises the total allowed amount claimed by an investor in any one year from \$250,000 to \$350,000.

The bill is aimed at encouraging new capital to flow into and grow the biosciences industry in Kansas. It does include a provision that would require repayment of the incentive should the business not be in substantial compliance with the program within five to ten years.

Health

Of the four bills on the Senate’s debate calendar this week, [House Bill 255](#) appropriates \$10 million from the existing Cancer Center Research account in the State General Fund to the University of Kansas Medical Center to enhance research, recruitment, and retention efforts for cancer researchers and clinicians. The bill includes a matching requirement by the Medical Center on the first \$5 million. HB 255 passed the Senate unanimously.

The Senate also debated [House Bill 225](#), which makes changes to the hospital provider assessment program and the selection criteria of the panel who administers it. The bill would increase the annual assessment tax rate on hospitals from 1.83% to 3%, bringing in an additional \$160 million to be used as a match for drawing down more federal Medicaid funds. **HB 225 passed the Senate by a vote of 31-9.**

Next Week



As important deadlines loom, committees are gearing up for a busy week to hear and work bills – many with three to four hearings a day. Lawmakers only have two weeks to complete their work before March 20, when all non-exempt committees are done meeting for the year. A few of the leading issues on the docket deal with transportation, KPERS, sports wagering, utility rates, food sales tax, STAR bonds, sales tax exemptions, and rural hospitals.

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| | | information technology contracts by the joint committee on information technology | Means | Scheduled Hearing in Ways and Means: Wednesday, 3/20, 10:30 AM, Rm 548-S | |
| 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 354 | Senate Education Committee | Amending the private and out-of-state postsecondary educational institution act clarify the state board of regents' authority and provide additional student protections and institutional accountability | In House Education | 03/05/2020 - House Referred to Education | |
| SB 385 | Senate Ways and Means | Supplemental appropriations | In Senate Ways and | 02/26/2020 - Senate | |

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| | Committee | for FY 2020 and FY 2021 for various state agencies | Means | Scheduled Hearing in Ways and Means: Wednesday, 3/4, 10:30 AM, Rm 548-S | |
| 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 | 02/26/2020 - Senate Scheduled Hearing in Ways and Means: Wednesday, 3/4, 10:30 AM, Rm 548-S | |
| 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 | |

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| | | required textbooks | | Scheduled Hearing in Taxation: Tuesday, 2/12, 3:30 PM, Rm 112-N | |
| 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 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 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 | |

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| 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 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 | |

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| 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 | |
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