

Weekly Legislative Report -----Kansas Legislature 2021

March 8-12, 2021

It was a short week as lawmakers returned to Topeka on Wednesday to start the second half of the 2021 Legislative Session. As legislators slowly eased back into committee work these past few days, next week is filling up quickly with dozens of hearings already scheduled. It's typically after Turnaround break that we start to see a clear picture of what issues will stay in focus for the rest of the year. COVID-19 response and taxes seem to be topping that list.

Property Tax Bill to Governor

By a vote of 30-5, the Senate concurred with the House's changes to [Senate Bill 13](#) and sent the property tax reform measure to Governor Kelly's desk on Thursday. The Governor vetoed the proposal in 2020.

If signed into law, the current property tax lid will be repealed, and local governments will instead be required to vote before collecting more tax dollars from rising property valuations. This "truth in taxation" legislation is modeled after law in Utah and Tennessee and meant to increase transparency to the taxpayer by requiring public notice and hearings before counties can increase their revenue neutral rate from the previous year.

Before the House passed SB 13 last week by a vote of 120-3, they amended the bill by adding school districts to the list of taxing jurisdictions under the requirement. This raised concern among some Senators worried about how schools will comply with notifying the public and holding hearings before collecting more tax revenue from the current 20-mill levy.

According to the chairwoman of the Senate Assessment and Taxation Committee, she plans to hold a hearing on [Senate Bill 277](#) next week that authorizes continuation of the 20-mill statewide property tax levy for schools and should alleviate those concerned with their inclusion in the bill.

Significant Dates and Events

Friday, March 31st

Last day to consider non-exempt bills in either chamber.

Friday, April 9th (Drop Dead Day)

First adjournment.

Veto session is anticipated to begin on **Monday, May 3rd**

It's still unclear whether or not Governor Kelly will sign SB 13 this year and if the Legislature has the veto-proof majority to overrule her if necessary.

Tax Relief for Business Shutdowns

There are two bills working their way through the legislature that would provide tax relief to businesses that were shut down or restricted by the government during the COVID-19 pandemic.

The Senate Assessment and Taxation Committee heard [Senate Bill 149](#) on Thursday that would allow owners of commercial real property to apply to the county commission for reimbursement of property taxes if their business was shut down or capacity was limited by the county commission. The committee will also hear [Senate Bill 286](#) next week, a similar bill establishing the COVID-19 governmental use claims fund to provide income tax credits or reimbursement of property taxes resulting from a forced shutdown or capacity limitation. SB 286 would also create a business loan forgiveness program.

The main proponent of the bills is the Kansas Restaurant and Hospitality Association, whose members have been hit hardest by business closures during the pandemic.

Internet Sales Tax

The Senate considered and passed [Senate Bill 50](#) by a vote of 35-3 on Thursday. The bill would mandate that most marketplace facilitators collect and remit state and local sales tax starting on July 1, 2021. These would include entities with annual gross receipts over \$100,000 from sales made in Kansas that contract with sellers to facilitate the sale of products or lodgings through a physical or electronic marketplace.

The bill would further clarify that these marketplace facilitators be responsible for collecting and remitting local transient guest taxes beginning January 1, 2022, and certain prepaid wireless 911 fees beginning April 1, 2022. SB 50 is expected to raise \$42.4 million in state revenues in fiscal year 2022 and is backed by the Kansas Chamber.

A competing bill sponsored by the Governor's Council on Tax Reform, [House Bill 2395](#), will be heard in the House Taxation Committee next week. This proposal does not include the \$100,000 de minimis threshold and will increase state revenues by \$51.5 million in fiscal year 2022.

Occupational Licensing

The Senate Federal and State Affairs Committee heard [House Bill 2066](#) on Thursday and is expected to take action on Friday. The bill was originally introduced as a way to shorten the time in which regulatory bodies are required to issue occupational credentials to military servicemembers and their spouses seeking to establish residency in Kansas. It has since been expanded to non-military prospective residents.

The intent of the bill is to make it easier and quicker for people to move to Kansas to work and spur economic development. However, since the language was expanded to all professional and technical occupations, many licensing boards and have expressed strong concern with lack of clarity in scopes of practice that could have unintended consequences on the public safety of Kansans. More work is expected on the bill to satisfy those concerns.

The House passed HB 2066 by a vote of 103-21 before Turnaround.

Health Roundtables

The House Insurance and Pensions Committee hosted a roundtable discussion on Wednesday regarding the role of pharmacy benefit managers (PBMs) in the pharmaceutical and cost supply chain in Kansas. The House Health and Human Services Committee will also be holding a roundtable late next week to discuss telehealth pay parity, as the issue has come before the committee several times this year. As telemedicine has risen substantially during the pandemic, healthcare providers are asking for pay parity with in-person patient visits.

Looking Ahead

The House Commerce Committee has scheduled four hearings next week on several **tax incentives** that have been under the spotlight in recent years. A growing number of lawmakers have been critical of these programs for not producing the number of jobs or tax revenue expected when they were initially passed.

- **STAR Bonds** – [Senate Bill 124](#) would extend the expiring Sales Tax as Revenue (STAR) bonds program until 2026. The proposal makes other changes, including making rural development projects eligible, increasing the capital investment threshold from \$50 million to \$75 million, and giving greater oversight to the Secretary of Commerce.
- **HPIP** – [Senate Bill 65](#) would no longer require businesses to participate in either the Kansas Industrial Training (KIT) or Kansas Industrial Retraining (KIR) programs in order to be eligible for the High Performance Incentive Program (HPIP) tax credit. [Senate Bill 91](#) would allow a company to transfer up to 50% of their HPIP tax credits to another company or

individual each year.

- **Angel Investor Tax Credit** – [Senate Bill 66](#) would extend the program for five years and increase the tax credit received from investments made in small, start-up companies in Kansas. Mostly in the biosciences industry, these companies would also no longer be required to stay in Kansas for 10 years after they receive the investment.

After the House finally passed their **unemployment insurance (UI) reform** package last week before Turnaround, it's now the Senate's turn to finish their work on the state's response to the UI identity theft and fraudulent claims crisis. The Senate Commerce Committee has scheduled five days of informational hearings next week on the House's plan, [House Bill 2196](#). The comprehensive bill would create the Unemployment Compensation Modernization and Improvement Council and require the Kansas Department of Labor to modernize its information technology infrastructure. The proposal would also make changes to the UI rate tables and provide for transfers of federal coronavirus relief aid to replenish the depleted trust fund.

The House Energy, Utilities and Telecommunications Committee next week will hear the "**Energy Choice**" bill, [Senate Bill 24](#). The measure would prohibit municipalities from imposing restrictions on customers' use of energy based on its source. Proponents introduced the bill in response to a nationwide effort – and closer to home in Lawrence – for cities to ban the use of natural gas in new residential and commercial construction. The Senate passed the bill 27-10 in February.

SB 23	Senate Assessment and Taxation Committee	Providing for abatement of property tax for certain buildings or improvements destroyed or substantially destroyed by natural disaster	In House Taxation	03/04/2021 - House Referred to Taxation	
SB 32	Senate Education Committee	Authorizing school districts to pay the tuition for a student's dual or concurrent enrollment in a postsecondary educational institution and requiring a tuition waiver for foster children who are dually or concurrently enrolled	In House Education	03/10/2021 - House Scheduled Hearing in Education: Wednesday, 3/17, 1:30 PM, Rm 218-N	
SB 34	Senate Federal and State Affairs Committee	Sunsetting administrative rules and regulations five years after adoption unless extended by the legislature	In Senate Federal and State Affairs	01/21/2021 - Senate Scheduled Hearing in Federal and State Affairs: Tuesday, 1/26, 10:30 AM, Rm 144-S	

SB 44	Senate Education Committee	Expanding the low-income family postsecondary savings accounts incentive program to include military servicemembers and veterans and allowing contributions by charitable organizations	In Senate Education	01/22/2021 - Senate Withdrawn from Ways and Means; referred to Education	
SB 61	Senate Education Committee	Amending the tax credit for low income students scholarship program act to expand student eligibility	In House K-12 Education Budget	02/22/2021 - House Scheduled Hearing in K-12 Education Budget: Tuesday, 2/23, 3:30 PM, Rm 546-S	
SB 64	Senate Education Committee	Amending the private and out-of-state postsecondary educational institution act to clarify the state board of regents' authority and provide additional student protections and institutional accountability	In House Education	03/10/2021 - House Scheduled Hearing in Education: Wednesday, 3/17, 1:30 PM, Rm 218-N	

SB 96	Virgil Peck, R-15th	Repealing the provision of Kansas residency for purposes of tuition and fees at a postsecondary educational institution for individuals who are not lawfully present in the United States	In Senate Federal and State Affairs	01/29/2021 - Senate Referred to Federal and State Affairs	
SB 208	Senate Federal and State Affairs Committee	Creating the fairness in women's sports act to require that female student athletic teams only include members who are biologically female	In Senate Education	03/10/2021 - Senate Scheduled Discussion & Action in Education: Thursday, 3/11, 1:30 PM, Rm 144-S	
SB 267	Senate Ways and Means Committee	Appropriations for FY 2022, FY 2023 and FY 2024 for various state agencies	In Senate Ways and Means	03/03/2021 - Senate Scheduled Hearing in Ways and Means: Wednesday, 3/10, 10:30 AM, Rm 548-S	

Sub for SB 273	Senate Federal and State Affairs Committee	Amending the Kansas emergency management act, modifying the procedure for declaring and extending a state of disaster emergency, limiting powers granted to the governor, defining public health disasters and establishing special provisions therefor, creating the joint committee on emergency management, prescribing certain powers, duties and functions of the secretary of health and environment, city and county government, the board of education of each school district, the governing body of each community college and the governing body of each technical college and establishing	In House Judiciary	03/03/2021 - House	
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		and local health officers		Referred to Judiciary	
HB 2003	Jim Kelly, R-11th	Providing for county treasurers to establish a payment plan for the payment of delinquent or nondelinquent taxes	In House Taxation	01/12/2021 - House Referred to Taxation	
HB 2023	Ron Highland, R-51st	Changing to an eight-year simple average when determining values of agricultural land for purposes of property taxation	In House Taxation	01/27/2021 - House Scheduled Hearing in Taxation: Wednesday, 2/3, 3:30 PM, Rm 346-S	
HB 2045	Stephen Owens, R-74th	Revising the Kansas angel investor tax credit act with respect to the definition of qualified securities, tax credit limitations and amounts, investor requirements and extending the date that credits may be allowed	In Senate Commerce	03/05/2021 - Senate Referred to Commerce	

HB 2048	House Federal and State Affairs Committee	Extending certain provisions of the governmental response to the COVID-19 pandemic in Kansas and providing certain relief related to health, welfare, property and economic security during this public health emergency	On General Orders in House	01/19/2021 - House Committee Report recommending bill be passed as amended by Judiciary	
HB 2058	House Federal and State Affairs Committee	Allowing reciprocity to recognize out-of-state licenses to carry a concealed handgun	In Senate Federal and State Affairs	03/11/2021 - Senate Referred to Federal and State Affairs	
HB 2063	Joint Committee on Pensions, Investments and Benefits	Providing certain KP&F tier II spousal and children's benefits for death resulting from a service-connected disability	On Consent Calendar in Senate (1st day)	03/11/2021 - Senate Committee Report recommending bill be passed and placed on Consent Calendar, by Financial Institutions and Insurance	

HB 2085	House Education Committee	Creating the students' right to know act to provide information on postsecondary education options	In Senate Education	03/10/2021 - Senate Referred to Education	
HB 2101	House Appropriations Committee	Extending transfers from the expanded lottery act revenues fund to the university engineering initiative	In Senate Ways and Means	03/01/2021 - Senate Referred to Ways and Means	
Sub for HB 2119	House K-12 Education Budget Committee	Making and concerning appropriations for the department of education for fiscal years ending June 30, 2021, June 30, 2022, and June 30, 2023, creating and expanding school choice programs, restricting remote learning and remote enrollment and extending the statewide property tax levy for schools	On General Orders in House	03/10/2021 - House Withdrawn from Appropriations ; rereferred to Committee of the Whole	

HB 2173	House Taxation Committee	Requiring marketplace facilitators to collect and remit sales, use, transient guest taxes and 911 fees from sales made through their platforms, providing nexus for certain retailers and removing click-through nexus provisions	In House Taxation	02/03/2021 - House Scheduled Hearing in Taxation: Wednesday, 2/10, 3:30 PM, Rm 346-S	
HB 2188	House Appropriations Committee	Requiring review by the joint committee on information technology of state agency contracts for certain information technology projects	In House Appropriations	2/17/21 Scheduled Info Briefing in Committee on Information Technology: Tuesday, 2/23, 11:30 AM, Rm 218-N	
HB 2264	House Judiciary Committee	Permitting student athletes at postsecondary educational institutions to receive compensation for the use of their name, image, likeness rights or athletic reputation	In Senate Federal and State Affairs	03/11/2021 - Senate Scheduled Hearing in Federal and State Affairs: Thursday, 3/18, 10:30 AM, Rm 144-S	

HB 2265	Brandon Woodard, D-30th	Providing a sales tax exemption for required textbooks and authorizing a local sales tax on required textbooks	In House Taxation	02/17/2021 - House Scheduled Hearing in Taxation: Monday, 2/22, 3:30 PM, Rm 346-S	
HB 2286	Randy Garber, R-62nd	Creating the campus intellectual diversity act to establish an office of public policy events at each public postsecondary educational institution	In House Appropriations	02/10/2021 - House Referred to Appropriations	

Bill Number	Bill Sponsor	Bill Subject	Current Status	Last Action	Notes
HB 2396	House Appropriations Committee	Making supplemental appropriations for fiscal years 2021 through 2032 for various state agencies and revising the pooled money investment portfolio repayment schedule	In House Appropriations	03/03/2021 - House Scheduled Hearing in Appropriations : Wednesday, 3/10, 9:00 AM, Rm 112-N	
HB 2397	House Appropriations Committee	Appropriations for FY 2022, FY 2023 and FY 2024 for various state agencies	In House Appropriations	03/03/2021 - House Scheduled Hearing in Appropriations : Wednesday, 3/10, 9:00 AM, Rm 112-N	
HB 2407	House Federal and State Affairs Committee	Requiring postsecondary educational institutions to adopt a policy on sexual assault, domestic violence, dating violence and stalking	In House Federal and State Affairs	02/23/2021 - House Referred to Federal and State Affairs	