

Weekly Legislative Report -----Kansas Legislature 2019

Weekly Legislative Report, March 4-8, 2019

The Kansas Legislature returned from their week-long recess on Wednesday to officially start the second half of the 2019 legislative session. Committees held several hearings and continued to work bills, but much focus was on this year's central tax bill that was debated and passed by the House on Thursday. Otherwise, it was a short and relatively quiet week under the dome with a few notable items detailed below.

Significant Dates and Events

April 5th

Drop Dead Day/First
Adjournment

House Passes Tax Bill

The House spent two hours debating [Senate Bill 22](#) on Thursday before passing it 76-43 Friday morning. The bill prevents a nearly \$209 million tax increase in FY 2020 on both individual and corporate taxpayers that would have been a result of the Federal Tax Cuts and Jobs Act passed in December 2017.

Specifically, it allows Kansans to continue to itemize at the lower standard deduction rate on their state tax returns; decouples from provisions that would impose a new tax on Kansas' multinational corporations' income made overseas; and restores 100% deductions for medical expenses, property taxes, charitable contributions, and mortgage interest.

As amended by the House Tax Committee before Turnaround, the bill also includes lowering the food sales tax from 6.5 percent to 5.5 percent – a \$44 million cost to the state – partially offset by a \$24 million budget boost by requiring all internet retailers (even Amazon and eBay) to collect and remit tax on sales made in Kansas.

Several attempts to amend the bill on the floor failed, including a deeper reduction to the food sales tax and removing the corporate provisions. The one successful change to the bill was to streamline the definition of “food” with the federal Supplemental Nutrition Assistance Program (SNAP) program.

The Senate passed SB 22 – without the food or internet sales tax pieces – a month ago by a vote of 22-14. They are expected to take it up again next week. They can



either concur with the House's changes and send it directly to the Governor or put it in a conference committee to negotiate between the two versions of the bill.

Most are expecting Governor Kelly to veto the bill when it gets to her, as she's been very vocal against it from the beginning. However, since the bill could now include a campaign promise of reducing the food sales tax, her veto message becomes a bit trickier. A veto-proof majority in the Senate is 27 votes and 84 in the House. Votes aren't quite there yet, but some might consider this a bargaining chip for other initiatives later in the session.

Governor's School Funding Bill Moves

The Senate Select Committee on Education Finance passed [Senate Bill 142](#) on Wednesday, the Governor's response to the Kansas Supreme Court ruling on school funding adequacy. The bill spends an additional \$360 million on K-12 education over the next four years by raising the Base State Aid Per Pupil each year.

The Kansas Association of School Boards supported the bill and the Kansas National Education Association came in neutral during the hearing. However, the plaintiff school districts that originally supported the plan announced last week that they no longer believe it spends enough money on schools. The Schools for Fair Funding group opposed the bill during the hearing, saying the amount was short nearly \$1 billion over several years.

There appears to be some bipartisan support among most, but not all, legislators for the measure that is on the fast track to be considered by the full Senate probably next week.

Lawmakers Host Medicaid Expansion Roundtables

The House Health and Human Services Committee hosted three days of roundtable discussions on Medicaid Expansion this week. Lawmakers and various stakeholder groups were at the table discussing the benefits and potential consequences of covering 130,000 more Kansans under Medicaid.

The Legislature passed a Medicaid expansion bill in 2017, which was vetoed by former Governor Sam Brownback and failed to receive enough votes to override. While this could be considered Governor Kelly's first priority, both House and Senate leadership remain strongly opposed. Despite this week's discussions, it's still unsure whether or not either House or Senate Health Committee chair will hold an actual bill hearing this year, let alone allow for a vote.

Association Health Plans Goes Back to Committee



The bundled Association Health Plan (AHP) bill, [House Bill 2054](#), was pulled from the House calendar this week and sent back to the House Insurance Committee for further deliberation. It's expected to be reworked next Monday and potentially debated by the House on Wednesday.

Because the federal government rolled back regulations last summer to encourage health insurance coverage outside of the Affordable Care Act, the state would need to amend several health insurance provisions in the Insurance Code to allow for broader AHPs in Kansas.

A stand-alone bill that is seeing traction is [Senate Bill 32](#), which is specific to allowing the Kansas Farm Bureau (KFB) to provide healthcare benefit coverage – not to be considered insurance – to their members outside of the jurisdiction of the Kansas Insurance Department. Blue Cross Blue Shield has come out in strong opposition to KFB's bill, warning it would exclude those with pre-existing conditions and would provide compromised health benefits. SB 32 passed the Senate before Turnaround and was heard in the House Insurance Committee on Wednesday this week.

Utility Study Compromise Reached

After days of negotiations, opposing parties to [Senate Bill 69](#) have apparently agreed on compromise language authorizing a comprehensive study of retail rates of Kansas electric public utilities, why they are higher than neighboring states, and possible solutions moving forward.

Two studies have already been done by the Kansas Corporation Commission and Evergy (Wester and Kansas City Power & Light). SB 69 would allow the Legislative Coordinating Council to select an outside consultant to conduct an independent study. The new language adjusts the timeframe for the study and when the reports are due to the Legislature.

The Senate Utilities Committee adopted the amendments on Thursday and intends to kick the bill out to the full Senate next Monday or Tuesday.

First Transportation Task Force Bill Heard

The Senate Transportation Committee held a hearing on [Senate Bill 192](#) on Thursday that would authorize the Secretary of Transportation to designate toll projects on new and existing highways and require them to be partially funded through toll revenue. This is the first of several transportation task force recommendation bills to be heard this year. Next week the committee will consider another recommendation to increase registration fees for electric and hybrid vehicles.

Transparency Bill Moves to Senate Next Week

The Senate Commerce Committee has scheduled a three-day hearing, Monday through Wednesday, next week on [House Bill 2006](#). The bill authorizes the Legislative Post Audit Committee to conduct a systematic and comprehensive review, analysis, and evaluation of state economic development programs every three years, based on recommendations by PEW Charitable Trusts.

The bill also instructs the Kansas Department of Commerce establish an online database to collect and disclose non-confidential data on the tax credits and incentive programs. Recipients of \$50,000 or more annually from programs such as the Sales Tax as Revenue (STAR) Bonds, High-Performance Incentive Program (HPIP), Promoting Employment Across Kansas (PEAK) program, Rural Opportunity Zones (ROZ), Angel Investor Tax Credit, and the Job Creation Fund, would be listed online. The House approved the bill unanimously before Turnaround.

New Sports Wagering Bills Introduced

Two bills were introduced this week, [House Bill 2390](#) and [Senate Bill 221](#), in the House and Senate Federal and State Affairs Committees that authorize sports wagering under the Kansas Expanded Lottery Act. The U.S. Supreme Court struck down a decades-old federal ban stating that sports betting was unconstitutional, so states are now looking at how to regulate it.

Informational hearings were held on the issue earlier this session, while the state-owned casinos and Kansas Lottery have been discussing several implementation options. The House Federal and State Affairs Committees will have discussion on the subcommittee's report next Monday, Thursday and Friday; and the Senate Federal and State Affairs Committee is planning on working the issue the week of March 18.

Tax Committee Considers Tax Lid Exception

The House Tax Committee heard [House Bill 2345](#) on Wednesday that would allow cities and counties an exception to the public vote requirement under the current tax lid. Municipalities would be allowed to levy property taxes at any level over the past seven years without a special election. Proponents testified that this bill would incentivize cities to decrease their budgets during years in which they can and pass along the savings to the taxpayer. No action was taken on the 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	Pending action by Governor	02/26/2019 - Senate Enrolled and presented to the Governor	
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	Passed in House	03/08/2019 - House Final Action: Passed as amended; Yeas 76, Nays 43	
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	01/31/2019 - Senate Referred to Ways and Means	
SB 71	Senate Education Committee	Eliminating the expiration of the postsecondary technical education authority and requiring a report to the legislature	In House Education	03/06/2019 - House Scheduled Discussion and Action in Education: Tuesday, 3/12, 1:30 PM, Rm 218-N	

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	02/01/2019 - Senate Referred to Ways and Means	
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	
HB 2005	Elizabeth Bishop, D-88th	Allowing an individual to itemize deductions in Kansas despite not itemizing on their federal return	In House Taxation	01/15/2019 - House Referred to Taxation	
HB 2011	Nick Hoheisel, R-97th	Sales tax exemption for required textbooks	In House Taxation	02/07/2019 - House 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	02/06/2019 - House Scheduled Hearing in Appropriations : Wednesday, 2/13, 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 employee student loan repayment assistance act	In House Higher Education Budget	02/13/2019 - House 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-	Award of college credit	In House Higher	02/15/2019 - House	

	96th	hours for passing CLEP and other college examination programs	Education Budget	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	