



Weekly Legislative Report -----Kansas Legislature 2019

Weekly Legislative Report, February 13th

With the official halfway point in the session nearing, today is the last day for bills to be introduced in non-exempt committees. All bills that have not passed their House of Origin by Turnaround on February 28 – or are not “blessed” to an exempt committee – are considered dead for the year. Over 190 bills were introduced this week in a mad rush to make today’s deadline.

Governor’s Major Budget Provision Fails

The House debated and swiftly voted down yesterday Governor Laura Kelly’s key provision of her two-year budget proposal. [House Bill 2197](#) would have reamortized the Kansas Public Employee Retirement System (KPERs) for 30 years, reducing the state’s contribution and freeing up \$143 million next fiscal year. Refinancing nearly \$7 billion in KPERs debt through 2050 was an unpopular idea with Legislators from the start. The vote was 87-36.

Transportation Funding Ideas on the Table

Governor Kelly announced on Wednesday that she plans to invest \$160 million into her fiscal year 2020 budget toward transportation by reducing the amount transferred out of the State Highway Fund. Since 2011, roughly \$2 billion has been transferred to the State General Fund, causing 21 delayed projects in the T-WORKS plan that expires next year.

Also this week, a number of bills were introduced in the Senate Ways and Means and House Tax Committees as a result of the Transportation Vision Task Force’s meetings last year. In an attempt to establish a consistent funding source for the next 10-year state transportation plan, lawmakers will consider increases on toll roads, electric vehicle registration fees, oversized/overweight vehicle permit fees, and the motor fuel tax.

Multistate Tax Compact Bill Passes

Significant Dates and Events

February 13th

Deadline – Member Bill Introduction

February 15th

Deadline – Committee Bill Introduction

February 28th

Turnaround



The House Tax Committee heard on Tuesday and passed on Wednesday [House Bill 2212](#), which clarifies apportionment of corporate income under the multistate tax compact. The bill is prospective beginning in tax year 2019 and will prohibit taxpayers from using the compact election provisions to supersede statutes within the Kansas Income Tax Act.

HB 2212 is in response to the *Gillette vs. California Franchise Board* lawsuit where the company attempted to use the election provision of the compact to amend its tax return using the three-factor apportionment election. The Kansas Department of Revenue introduced this bill to prevent similar lawsuits in Kansas, where a corporation could elect to apportion their corporate income based on the sales factor, rather than under the three-factor apportionment test set out in Kansas law. There were no opponents to the bill that now heads to the full House for consideration.

Taxpayer Protection Act Advances

The Senate Tax Committee held a hearing on [Senate Bill 104](#) on Tuesday, creating the Kansas Taxpayer Protection Act. The bill would require a paid tax return preparer to sign and include their federal Internal Revenue Service Preparer Identification Number on each return beginning in tax year 2020. Any preparer that fails to sign the return or provide their tax ID number would be liable for a \$50 civil penalty to the Kansas Department of Revenue (KDOR), not to exceed \$25,000 per year.

H&R Block testified in favor of the bill, arguing that the state should address tax return theft and allow the KDOR to charge fraudulent preparers. There were no opponents to the bill during the hearing.

Aviation Tax Credit Approved

The House Commerce Committee voted to pass [House Bill 2118](#) yesterday, which would allow a 5 percent income tax credit for aerospace and aviation program graduates and their employees beginning in tax year 2020. The tax credit could be claimed for up to four years if the employee remains employed with the qualified employer. There were no opponents to the bill during the hearing on Wednesday. HB 2118 heads to the full House for consideration.

Committee Considers Corporate Practice of Medicine

The House Health Committee considered [House Bill 2146](#) on Tuesday, which would allow certain business entities to engage in the corporate practice of medicine and Specifically under the bill, business entities could apply for a certificate of authorization from the Kansas Board of Healing Arts to practice medicine and hire on-site physicians to provide care for their employees.



Committee members discussed a number of issues during the hearing, from patient safeguards, to quality of care to rural access to doctors. Blue Cross Blue Shield of Kansas and Cerner testified in support during the hearing. Opponents included the Kansas Medical Society and the Kansas Optometric Association.

Pre-existing Condition Mandate Hearing Held

The House Insurance Committee heard [House Bill 2074](#) on Monday, which would institute a mandatory pre-existing protection in individual health plans. The bill requires insurers who offer individual policies providing hospital, medical or surgical expense benefits to accept every individual who applies for coverage. The bill would also allow insurers to impose a preexisting condition exclusion of 90 days following the date of enrollment for conditions for which medical advice, diagnosis, care or treatment was recommended or received in the 90 days prior to the effective date of enrollment.

There was only one proponent during the hearing and strong opposition from insurance carriers. The bill is not expected to be worked prior to Turnaround.

Bill Defines Real Estate Rebate

The Senate Commerce Committee heard [Senate Bill 42](#) on Tuesday, which would amend the Kansas Real Estate Brokers' and Salespersons' License Act to provide a definition of a rebate. As a result of an opinion provided by the Attorney General last year, the bill clarifies that a rebate must be provided before the transaction closing.

Specifically, the bill defines "rebate" as the return of all or part of any purchase price of real estate, whether by cash or cash equivalent, that is promised or agreed to by a licensee and a client or customer before closing and is contingent on the transaction closing. A cash equivalent rebate would include gift cards, prepaid credit cards, and any other item with a value equal to a specific amount of money that can be used in the same manner as cash. There were no opponents to the bill during the hearing.

Rural Revitalization Committee Discusses Healthcare, Hears First Bill

This week, the Rural Revitalization Committee spent three days receiving informational hearings regarding on the lack of healthcare in rural communities. Because healthcare accounts for 20 percent of a rural economy, lawmakers are desperate to address healthcare access across the state. Conferees included the Kansas Hospital Association, Kansas Dental Association, Community Care Network of Kansas, and a number of rural area development groups. All proponents of expanding Medicaid services in Kansas, it was reported that 46 percent of rural hospitals nationwide are currently operating with a negative profit margin.



The committee also held their first official bill hearing yesterday, [House Bill 2131](#), which would reinstate the Enterprise Zone sales tax exemption that expired in 2011. The program provides a sales tax exemption for construction and certain purchases in a business expansion project. The manufacturing business must create at least two jobs, nonmanufacturing businesses would be required to create at least five jobs, and retail businesses would be required to create at least two jobs, all located in a city with a population of 2,500 or less or in a county with a population of 10,000 or less. The bill is expected to be worked next Monday.

Utility Study Hearings Next Week

[Senate Bill 69](#) would require the Legislative Coordinating Council (LCC) to authorize a study of retail rates of Kansas electric public utilities and require the Kansas Corporation Commission (KCC) to evaluate competitiveness of any proposed electric rate with surrounding states. The cost of the study would be the responsibility of the KCC, and a report due to the Legislature by December 31, 2019. The Senate Utilities Committee will hold two days of hearings next week, opponents testifying on Tuesday and proponents on Wednesday.

[Senate Bill 181](#) was introduced yesterday by the Kansas Electric Cooperatives and creates the Kansas Energy Policy Task Force to study electric utility services and energy policy issues in Kansas. SB 181 will be heard in the Senate Utilities Committee on Thursday.

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	In House Appropriations	02/13/2019 - House Scheduled Discussion and Action in Appropriations : Tuesday, 2/19, 9:00 AM, Rm 112-N	
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	In House Taxation	02/13/2019 - House Scheduled Hearings in Taxation: Tuesday, 2/19; Wednesday, 2/20, 3:30 PM, Rm 112-N	
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 Senate Education	02/13/2019 - Senate Scheduled Final Action in Education: Monday, 2/18, 1:30 PM, Rm 144-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	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	In House Rural Revitalization	02/01/2019 - House Referred to Rural Revitalization	
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-96th	Award of college credit hours for passing CLEP	In House Higher Education Budget	02/13/2019 - House	

		and other college examination programs		Referred to Higher Education Budget	
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	02/14/2019 - House Referred to Education	
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	