



Kansas State Council of SHRM, Inc.
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Weekly Legislative Report, February 20-24, 2017 - Turnaround

The Kansas Legislature adjourned yesterday afternoon, officially completing the first half of the 2017 Legislative Session. Turnaround break, however, did not come before some unexpected twists and turns. With the House able to pass Medicaid expansion and override a Governor veto, this week saw the new moderate Republican/Democrat majority in Kansas beginning to take shape.

Taxes

In a news conference Wednesday morning, Governor Sam Brownback officially announced his veto of **House Bill 2178**, the Legislature's tax plan for fiscal years 2018 and 2019. While the House voted 85-40 to override the Governor's veto (84 votes needed), the Senate's vote failed 24-16 (27 votes needed) and killed the bill.

Back to the drawing board, both the Senate and House Tax committees met informally at the rail yesterday to introduce new tax plans. One is the Governor's proposal, which raises cigarette and liquor taxes but keeps LLCs exempt. Another is identical to the vetoed bill without the retroactivity on individual income tax increases, which some believe was the reason many Senators didn't support the override. Other ideas range from removing the top third tax bracket, repealing the non-wage income exemption, and suspending economic development programs such as STAR Bonds, HPIP (High Performance Incentive Program) and PEAK program (Providing Employment Across Kansas). Both Chambers are expected to start running new tax bills after the break.

Medicaid Expansion

After a roller coaster week, Medicaid expansion passed the full House yesterday on a final action vote of 81-44. **House Bill 2044** expands Medicaid under the Affordable Care Act to over 180,000 uninsured Kansans who are under 65, not pregnant or disabled, and under 133% of the federal poverty level. After Kansas receives \$1.5 billion in federal funds, the program is estimated to cost \$26 million in FY18 and \$57 million in FY19.

After getting tabled in the House Health and Human Services committee on Monday (essentially killing the bill), Minority Leader Jim Ward (D-Wichita) motioned on Tuesday to pull the bill out of committee for a special debate and vote by the full House. However, a germane bill was placed on General Orders Wednesday that became the vehicle for the measure. HB 2044 now heads to the Senate Public Health and Welfare committee for consideration the second-half of the session.

Unemployment Insurance

House Bill 2329 passed the full House yesterday on final action by a vote of 124 to 0. This bill requires that post-employment separation payments are to be deducted from an individual's weekly unemployment benefit payment beginning after the payment of the separation pay. The bill would also allow individuals whose benefits were deducted for 52 weeks or more for post-employment separation payments to be entitled to a new benefit year based on the previous year's base period. KS SHRM testified in favor of this bill. It will advance to the Senate Commerce Committee.



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Biosimilars

House Bill 2107 passed the full House yesterday on a final action vote of 114-10. The bill amends the Pharmacy Practice Act to allow biological products to be substituted for FDA-approved interchangeable biosimilars in the same way that name-brand pharmaceutical drugs are substituted for generic drugs. HB 2107 will go to the Senate Public Health and Welfare committee for consideration.

An emerging industry, similar legislation has passed 20 other states to date. However, during both committee and floor debate, physician notification remained the controversial issue. Representative Greg Lakin (R-Wichita), a physician, was unsuccessful in amending the bill to specify notification methods a pharmacy could use in notifying the prescribing physician.

Transportation

On Monday, the House Transportation and Public Safety Budget committee added a proviso directing the Kansas Department of Transportation (KDOT) to bond \$400 million toward T-WORKS reconstruction and maintenance projects in FY18 and FY19.

Currently, KDOT has budgeted \$42 million in FY18 and \$245 million in FY19 for preservation projects. The added funding will help the department reach the average funding of \$350 million per year. Chairman J.R. Claeys (R-Salina) will present the subcommittee's report to the full Appropriations committee on Monday, March 6 for review and approval.

STAR Bonds

The House Appropriations committee held a hearing on **House Bill 2184** last Friday, extending the sunset of the STAR Bond program five years to July 1, 2022. Sales Tax Revenue (STAR) Bonds provide municipalities the opportunity to issue bonds to finance the development of major commercial, entertainment and tourism areas and use the sales tax revenue generated by the development to pay off the bonds.

Proponents at the hearing included the League of Kansas Municipalities, Unified Government of Wyandotte County, Kansas Department of Commerce, and several cities and chambers of commerce. There were no opponents. The bill is expected to be worked after the break.

Looking Ahead

Lawmakers will return to Topeka on Monday, March 6 to start the second half of the legislative session and continue tackling the \$1.1 billion budget shortfall through FY19. Since the remaining tax packages on the table all raise less money than the bill vetoed by the Governor, a budget bill that includes cuts appears likely. Legislators are also anxiously awaiting a ruling from the Kansas Supreme Court on school funding adequacy, which may require millions of additional dollars appropriated to K-12 education.