



Kansas State Council of SHRM, Inc.
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February 3, 2017 Legislative Update

It was mostly about taxes this week in the Kansas Legislature. The House Taxation committee held daily hearings on various provisions, while the Senate introduced their comprehensive tax plan yesterday. With a better idea where lawmakers are falling in regards to raising taxes, in addition to a three-month stretch of higher than expected state revenues, appropriators seem ready to begin the real work on the Governor's fiscal year 2017 rescission bill and biannual budget for fiscal years 2018 and 2019. The state is facing a \$350 million shortfall in fiscal year 2017 and \$1.1 billion shortfall over the next two and half years.

Tax Plans

The House Taxation committee heard testimony on several tax proposals currently on the table this legislative session. Eliminating certain sales tax exemptions was on Monday, the Governor's liquor and tobacco tax increase was on Tuesday, and taxes on fuel and retirement income was on Wednesday. The committee also held a hearing on **HB2178** on Thursday, which raises the personal income tax rate from 4.6% to 5.25% on individual income over \$30,000 for married jointly filers and repeals the statutory growth trigger or "March to Zero" that further reduces corporate income tax rates in Kansas.

On Wednesday, a comprehensive plan was introduced in the House by Rise Up Kansas, a coalition of organizations fighting for the full repeal of the 2012 small business tax cuts. **HB2237** also taxes business pass-through income, raises the motor fuels tax by 11 cents and reduces sales tax on food to 5%. The committee plans to hear the bill next week.

SB147 was introduced yesterday afternoon as the Senate's version of a tax package. The bill includes a full repeal of the 2012 LLC cuts with retroactivity to 2017, and increases personal income tax rates on both brackets. For joint filers, it would raise the rate from 2.7% to 3% on income under \$30,000 and from 4.6% to 4.9% on income over \$30,000. The bill is expected to raise \$430 million the first year. Senate President Susan Wagle (R-Wichita) expressed broad caucus support for the plan and would like to move quickly on the bill. A hearing has already been scheduled for Monday in the Senate Assessment and Taxation committee.

Budget Status

On Wednesday, the Kansas Department of Revenue released its revenue report for the month of January. Total tax collections were \$543 million, up 4.59% from the Consensus Revenue Estimating (CRE) Group's estimates in November. The two largest categories were corporate income and sales tax receipts. Corporate income taxes were \$18.5 million or 131% above estimates, and sales tax receipts were \$216 million or 6.68% above projections. The CRE November estimates are on which the Governor bases his budget proposals.

Both the Senate Ways and Means and House Appropriations committees wrapped up their FY17 subcommittee budget reports this week and will begin receiving reports for FY18 and FY19 today. There was overall consensus with the Governor's FY17 recommendations, except for his proposal to freeze KPERS state contributions at FY 16 levels. Both committees have also held hearings on the \$317 million long-term investment fund liquidation, so work is expected to begin on the FY17 rescission bill early next week.

Guns on Campus

SB53 was killed on a voice vote in the Senate Federal and State Affairs committee on Tuesday. The bill would have permanently exempted higher education and municipal buildings without adequate security (guards and metal detectors



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at every entrance) from allowing conceal carry beginning on July 1 of this year. There are several other gun bills currently in both Chambers, however, that could be amended on the floor.

Workers Compensation

House Commerce held hearings Tuesday on HB 2059, which proposed to take the AMA Guides back from the current 6th edition to the 4th edition. It was a spirited committee with Sect. of State, Kris Kobach, testifying in favor with trial attorneys and business groups and the Kansas Medical Society testifying against the bill. Dina Cox, Topeka Chapter SHRM member, opposed the bill for KS SHRM. We do not expect the bill to be worked.

Employee Hiring and Paystubs

HB 2115, which proposes a “Ban the Box” for state employers, will have a hearing on Monday, February 6, 2017 in House Judiciary. KS SHRM will submit neutral testimony on the measure, outlining current hiring procedures and answering questions for committee members. In addition, HB 2183 will be heard in House Commerce on Tuesday, February 7th. This measure would require employers provide upon demand paper copy of paystubs. KS SHRM will again be testifying on this issue and available to answer questions for committee members.

Immigration Bills

Immigration bills are making their way back to the Statehouse this year. **SB133** was introduced yesterday in the Senate Commerce committee. Named the Kansas Employee E-Verify Accountability Act, the bill would require state and local governments to actively participate in e-verify starting in 2018. The bill restricts state contracts for goods and services over \$50,000 from being rewarded to any employer not using e-verify. No hearing date has been set.

In addition, two bills have been introduced in each Chamber on behalf of Secretary of State Kris Kobach. One measure – similar to a bill that stalled in the House last year – would bar cities and counties from adopting sanctuary policies. The second would require the Kansas Highway Patrol to enforce federal immigration laws, including detentions and removals.

Looking Ahead

Medicaid expansion should be the hot topic next week. The House Health and Human Services Committee will hear testimony from neutral conferees on Monday, proponents on Wednesday, and opponents on Thursday. We expect to see the pace pick up in all committees as they only have two weeks left to meet and pass out bills before Turnaround on February 23.