



Kansas State Council of SHRM, Inc.
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February 8, 2019 Legislative Update

With less than three weeks left before Turnaround – when bills must be passed by their original chamber – the pace is picking up in the Kansas Legislature. Both Chambers began considering legislation on their General Orders, several hot-topic bills were introduced, and hearings are quickly being added to committee calendars for next week.

Budget Committees Continue Work on Compiling Budget

Budget committees continue to hold informational hearings this week. While budget subcommittees have begun their review of specific agency budgets, the budget committees have not taken any action on any budget bill yet.

House Appropriations heard a presentation from the Dept. Of. Children and Families which focused on the foster care system in Kansas. The new Secretary of DCF, Laura Howard, told the committee that the department is working to fix several issues that have plagued the agency for some time. The number of children in foster care has gone up in recent years, due to many factors including the opioid epidemic spreading across the country. The increased number of children in the foster care system has stressed the agency and the private contractors it works with. Legislators have expressed concern that the system needs to be fixed, but they're frustrated that it is taken so long.

Senate Ways and Means held a hearing on K-TRACS System, which pharmacies use to track opioid prescriptions and help prevent doctor shopping. The Kansas Board of Pharmacy presented information to the committee on how the system works for both pharmacies and doctors. Their tracking data shows that doctor shopping by addicts has been reduced and they feel the system has been a success.

Informational hearings will continue to take place next week, as will budget subcommittee hearings, where individual agency budgets are being compiled.

Senate Passes “Windfall” Bill

The full Senate considered on Wednesday and passed on Thursday [Senate Bill 22](#), which returns roughly \$400 million over three years to both individual and corporate taxpayers as a result of federal tax changes enacted in 2017. The vote was 26-14, one vote shy of the 27 needed to override Governor Kelly's expected veto of the bill. In a statement released by her office immediately before the Senate debate, the Governor called the bill “an irresponsible tax plan.” SB 22 now heads to the House Tax Committee, although no hearing dates has been set.

KPERS Payment Bill Forwards

The Senate unanimously passed [Senate Bill 9](#) on Tuesday, which would pay \$115 million that the state owes to the Kansas Public Employee Retirement System (KPERS). The Legislature skipped a \$97.4 million payment in 2016, and SB 9 would restore the reduction with interest. Proponents on both sides of the aisle supported the bill, albeit for different reasons. While the measure was not included in Governor Kelly's proposed budget, the payment will go to support the funded ratio of the KPERS School Group and save the state roughly \$20,000 per day in interest. The bill now heads to the House Appropriations Committee for consideration.



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Gender Discrimination Bills Introduced

Identical bills were introduced on Monday in both Chambers that would amend the Kansas Act Against Discrimination to include sexual orientation or gender identity or expression. While Governor Kelly issued an executive order early in the session prohibiting gender identity discrimination within her administration, [Senate Bill 84](#) and [House Bill 2130](#) would extend to private employers in Kansas. Sponsorship of the bills is primarily from Democrats in both chambers a handful of moderate Senate Republicans did sign on the SB 84. The bills have been referred to the Senate Judiciary and House Federal and State Affairs Committees, respectively, but no hearings have been set.

In addition, [HB 2153](#) was introduced this week and would reverse a bill passed in 2015 (SB 175) that allows post-secondary student organizations to exercise freely religious freedoms. The passage of SB 175 has become controversial nationally and been the impetus for Kansas to be placed on a California travel ban.

The bill has been referred to House Federal and State Affairs Committee and the Chairman has indicated he has no interest in working the bill. However, business advocates have concerns if the issues are not addressed Kansas will continue to lose business from the state of California which is beginning to add up.

School Finance Discussions Begin

The Senate Select Committee on Education Finance began hearing [Senate Bill 44](#) on Wednesday, the Governor's K-12 school finance bill. The measure would increase state aid to schools by roughly \$93 million this fiscal year, which is believed to address the Kansas Supreme Court's order for inflationary increases. The hearing is scheduled to continue next Tuesday.

As introduced, SB 44 also includes the budget for the Kansas Department of Education. However, yesterday, the Committee split the bill into two parts to consider the education department's budget separately from the Governor's solution for the Court.

Committee Approves Farm Bureau Health Plan

The Senate Financial Institutions and Insurance Committee on Tuesday passed [Senate Bill 32](#), which would add the Kansas Farm Bureau to the list of entities in statute that can provide healthcare benefit coverage to their members outside of the jurisdiction of the Insurance Commissioner. The committee amended the bill to specify the healthcare benefit coverage would not be considered insurance; permit reinsurance for such coverage; and require the submission of a signed, certified actuarial statement of plan reserves annually with the Kansas Department of Insurance. SB 32 now heads to the full Senate for deliberation.

Hearings were also held this week on other Association Health Plan (AHP) bills. The Senate Financial Institutions and Insurance Committee held a hearing on [Senate Bill 34](#) on Tuesday, exempting AHPs from Small Employer laws; and [Senate Bill 35](#), short term limited duration health plans, on Wednesday. The House Insurance Committee heard SB 35's sister bill, [House Bill 2053](#), on Monday. No action has been taken on these bills, but we expect advocates to push for a consolidated AHP bill.



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Tax Committee Passes Economic Development Review

The House Tax Committee passed [House Bill 2043](#) on Wednesday. The bill, based on recommendations from PEW Charitable Trusts, would set up a periodic review schedule for certain tax credits, incentives, and sales tax exemptions under the Departments of Commerce, Revenue and Insurance. Each review would provide a description, history and goals, assessment of the design and administration, and an estimate of the economic and fiscal impact.

Among those economic development programs written in the bill include Sales Tax as Revenue (STAR) Bonds, the High-Performance Incentive Program (HPIP), the Promoting Employment Across Kansas (PEAK) program, Rural Opportunity Zones (ROZ), the Angel Investor Tax Credit, the Job Creation Fund, and several others. HB 2043 now awaits consideration by the full House.

Another bill, [HB 2006](#), requires Dept. of Commerce create a database to collect data on state economic development initiative benefit recipients, of \$50,000 or more annually, and place that information on a public database. In addition to economic development programs, such reportable benefits would also include tax credits and property tax exemptions. The intent of the bill is to provide the public access to see how and where tax dollars are used, and the total return on the investment. Advocates raised concerns the website could contain confidential information in certain economic development programs and may not indicate what the recipient provided in exchange for receiving the incentive. Chairman Tarwater has scheduled the bill to be worked on Thursday, February 14th.

Telecom Franchise Agreement Bill Heard

The Senate Utilities Committee held two days of hearings this week on [Senate Bill 68](#), which would prohibit local governments from requiring wireless franchise agreements. The Committee heard from proponents on Wednesday and opponents on Thursday.

Telecommunication companies testified that the open-ended nature of the franchise agreements under current state law delays their ability to expand their networks and implement better and faster technology to consumers. Municipalities argued that franchise agreements are critical to protecting the public right-of-way, ensuring safe deployment of utility lines and protecting the infrastructure paid for by taxpayers' dollars. No action was taken on the bill.

KANSAS ARBITRATION ACT

The House Judiciary Committee held a hearing on [HB 2017](#) which deals with the Kansas Arbitration Act. During the 2018 Legislative Session, the latest version of the Uniform Arbitration Act was introduced and ultimately passed by the Kansas Legislature.

Mechanically, the bill created several new sections in the Kansas Statutes and simply deleted the then current sections of the Statutes that dealt with arbitration and there was no stricken language to review. It simply said "KSA is hereby repealed." Unfortunately, no one picked up on exactly what language was actually deleted and Kansas had historically prohibited the use of arbitration agreements in insurance contracts. However, since the previous statutes were repealed, this prohibition was deleted. HB 2017 is an attempt to reinstitute the prohibition. The bill was brought by the Kansas Bar



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Association. Some insurance companies are opposing the bill as most states do allow arbitration clauses to be inserted into insurance contracts.

Rural Revitalization Committee Tackles Challenging Issues

The new Rural Revitalization Committee continued their informational hearings this week on several topics challenging rural Kansas communities, including economic development, broadband, and transportation. On Wednesday, the committee received a report from Interim Kansas Department of Transportation Secretary Julie Lorenz on the Transportation Task Force's findings after a series of meetings held during the summer and fall. The committee discussed how to ensure a predictable funding source for the new state transportation plan, ways to increase preservation efforts, and potential cost-sharing programs to help communities leverage state dollars toward local projects.

Presentations were also provided by the Western Kansas Rural Economic Development Alliance and Tri-County Telephone cooperative out of Council Grove.

Agricultural Issues from This Week

The House unanimously passed [House Bill 2001](#) on Thursday, which extends the sunset of the Kansas Agricultural Remediation program. The remediation fund is a self-insurance program for the industry that reimburses contamination clean-up costs back to the agribusinesses that pay into the fund. HB 2001 now heads to the Senate Agriculture Committee.

The House Agriculture Committee has scheduled two days of hearings next Wednesday and Thursday on [House Bill 2173](#), which establishes a commercial industrial hemp program in Kansas. The 2018 federal Farm Bill included a key provision that legalized the cultivation of industrial hemp with the U.S. Department of Agriculture and could become a viable and lucrative crop in Kansas.