



Kansas State Council of SHRM, Inc.
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March 22, 2019 Legislative Update

It was a pivotal week in the Kansas Legislature. Committees passed out dozens of bills, the House unexpectedly debated and approved a Medicaid expansion bill, and the major tax package of the year was presented to the Governor. In typical fashion, things start to heat up by this point in the legislative session as deadlines approach.

Today is the final day for non-exempt committees to meet and consider legislation for the year. The House and Senate will debate bills on the floor all day next Monday and Tuesday before Wednesday's deadline for all non-exempt bills to pass both Chambers. Legislators will then enjoy a four-day break before coming back on April 1 for the last week of the regular session and when conference committees begin their negotiations. First adjournment is scheduled for Friday, April 5. Some are hinting at an early adjournment so lawmakers can save days for the Veto session, but it is uncertain if Leadership wants to send them home early.

Budget

There were big moves by the budget committees this week. Both committees passed out their initial budget bills. There are, of course, differences between the two, but mostly in the dollar amounts. The policy differences are not that dramatic between the two chambers. As the bargaining process on the budget proceeds, that can change. Senate budget builders right now have a slightly bigger budget than their House counterparts, but that's not to say that they will stick with that position.

The Senate has debated their budget bill, [Sub for SB 75](#), on the floor of the Senate and passed it out. Next week the House will debate their bill, [House sub for SB 25](#), and likely pass it out. Like the Senate bill, there will probably be no significant changes made during the floor debate.

Will there be budget negotiations before they leave for the April break is another question. Lately legislators have liked to wait for the April revenue numbers to come in before they get into making big and final votes on budgets.

Also this week, Transportation was a hot topic for the budget committees. The Senate Ways and Means Committee discussed a bill that came out of the recent Transportation Task Force that met last year. This bill would allow cities and counties to use the Local Ad Valorem Tax Revenue mechanism to fund local transportation projects. One of the findings of the Transportation Task Force was that new funding mechanisms must be found to fund projects. This bill takes the LAVTR, which hasn't been able to be used in recent years and alters its purpose slightly. Ways and Means hasn't finished its work on this bill.

House Appropriations also heard a bill that came out of the Transportation Task Force. This bill would allow for small local toll projects for cities and counties. The Sec. of Transportation stressed that there would not be a new turnpike with this bill. This would also not be used for current roads or projects. Only new projects that expanded access would qualify. Appropriations hasn't finished its work on this bill, either.

There will likely be more transportation bills before the budget committees as new and more stable funding sources are sought for transportation in Kansas.



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Mega Tax Bill Presented to Governor

[Senate Bill 22](#), the “windfall” tax package, was presented to Governor Kelly on Tuesday, after which she has ten days to either sign, veto, or allow it to become law without her signature. After the Governor’s expected veto, both Chambers will have a chance at an override with a 2/3 majority vote. With 24 Senators voting for the bill initially, three would need to flip for the Senate to be successful. If they are, that added pressure on House Republicans could make 84 votes attainable. The initial vote in the House was 76-43.

House Passes Medicaid Expansion

In an unexpected turn of events, the long-awaited debate on Medicaid expansion occurred on the House floor on Wednesday. Expansion supporters were unable to get committee hearing this year, so they brought the amendment to the floor through a procedural “gut and go.” [House Bill 2066](#), which dealt with Advanced Practice Registered Nurse’s (APRN) scope of practice, was replaced with the contents of [House Bill 2102](#), the Governor’s Medicaid expansion plan.

House Republicans were able to amend the bill to ensure the state phases out of expansion should federal funds drop below the current 90 percent rate, add a \$25/month/individual fee, and prohibit KanCare funds for abortion services. The House passed HB 2066 by a vote of 69-54 on Thursday. *Note: The language from the original 2066 dealing with APRNs has been placed in a non-exempt bill to still be addressed this year.

House Passes Their Own School Finance Plan

The House K-12 Budget Committee was busy this week hearing the Senate-supported, Governor’s school finance bill, [Senate Bill 142](#), and continuing hearings on their own plan, [Substitute for House Bill 2395](#). Both bills appropriate inflationary adjustments of \$90 million for the next two years – as charged by the Kansas Supreme Court – but the House bill only spends the extra money for two years instead of four. It also includes some controversial accountability measures and specific funding directives. On Thursday, the committee voted to reject the Senate’s plan and advance HB 2395 to the full House.

Utility Rate Study Continues to Advance

The House Utilities Committee held a hearing on Tuesday and passed on Thursday [Substitute for Senate Bill 69](#), which authorizes a study of retail rates of Kansas electric public utilities. Its purpose is to assist future legislative and regulatory efforts to develop electric policy that produces regionally competitive rates and reliable electric service. Under the bill, the Legislative Coordinating Council will select an independent consultant to evaluate electric public utilities, electric cooperative public utilities exempt from Kansas Corporation Commission (KCC) jurisdiction, and the state’s three largest municipally owned or operated electric utilities.

Sub. For SB 69 is a compromise between energy consumers and utilities, and there were no opponents during the hearing. However, several lawmakers and the Kansas Corporation Commission are expressing concern about the \$1 million estimated price tag of the study and that consumers will ultimately be held responsible for the cost. The Senate passed the bill 38-1 last week. It’s now placed on the House calendar for debate likely next week.



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Transportation Funding Ideas Narrow

The Legislature this week seems to have targeted three new funding mechanisms for the next state transportation plan by approving: Senate Substitute for House Bill 2225 (formerly [Senate Bill 187](#)) and [House Bill 2371](#), which increase oversized load permits; [Senate Substitute for House Bill 2214](#) and [House Bill 2372](#), which increase electric and hybrid vehicle registration fees; and [Senate Substitute for House Bill 2007](#) and [House Bill 2369](#), which allow local units of government to create toll roads to partially pay for local transportation projects. As far as the actual policy bill for the new transportation plan, [House Bill 2373](#) also passed this week. The respective Chambers should take up the bills next week.

AHP and Farm Bureau Health Plans Combine

On Wednesday, the Senate Financial Institutions and Insurance Committee combined the contents of [Senate Bill 32](#) and [House Bill 2054](#), as amended by the House Insurance Committee, into a shell bill and passed out [Senate Substitute for House Bill 2143](#). The new bill includes both the Association Health Plan provisions and Kansas Farm Bureau's "non-insurance" healthcare benefit for members with no pre-existing conditions. The insurance industry has expressed that they will oppose the entire bill. It's expected to be considered by the Senate early next week before moving to the House for an up or down vote only.

Eco Devo Transparency Bill Held Up in Senate

After three days of hearings on [House Bill 2006](#) in the Senate Commerce Committee last week, Legislators were scheduled to take final action on the bill on Monday. Delayed until Tuesday, the Committee decided to suspend their work after discussing a number of amendments to the legislation. HB 2006 authorizes a systematic and comprehensive review, analysis, and evaluation of state economic development programs every three years and establishes an online database to collect and disclose non-confidential data on the recipients of the tax credits and incentive programs.

During committee debate today, amendments were adopted that added additional reporting requirements into the bill, a clarifying statement that the Legislature retains oversight of economic development policy and HB 2147, a Rural Housing bill was inserted. The measure will be forwarded to the full Senate for their consideration.

Commerce Secretary Receives Pushback at Confirmation Hearing

Acting Commerce Secretary David Toland received two days of confirmation hearings in the Senate Commerce Committee this week. Toland was questioned about his background, including whether he personally benefited from any economic development transactions during his employment at a rural health advocacy organization. He also was confronted with, and later apologized for, a social media post mocking a state senator and former Governor Brownback.

Other committee members lauded Toland for his professionalism and plans for state economic development initiatives while the audience was filled with supporters from his home community. Ultimately, the committee on Thursday voted to recommend that the full Senate not confirm the appointment of Toland as Kansas Secretary of Commerce. It is uncertain



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when the full Senate Toland's confirmation and how the negative committee recommendation will impact his confirmation.

Bill Aims to Give Public Union Employees Choice

The Senate Commerce Committee held a hearing on [Senate Bill 175](#), which authorizes public employees to immediately cease the withholding of employee organization dues from their wages at any time once a written or email request is submitted to their public employer. Once the public employer receives the request, the public employer must immediately provide a written or email notification to the employee organization and cease withholding dues from the employee's wages.

Public employers would be required to notify their employees of their right to cease payment of employee organization dues by providing written notification and a request form to their employees at least annually. The bill is not expected to be worked this year. No committee action was taken on this bill, but it is a nonexempt bill and action can be taken anytime.

New Push for Corporate Practice of Medicine/Health Care

A new bill, [House Bill 2402](#), was introduced and heard this week in the House Health Committee. The bill allows certain businesses to employ in-house physicians and chiropractors. The new language is an attempted compromise between business and insurance interests and physician and hospital groups. The committee made several amendments to the bill before passing it out on Friday.

Anesthesiologist Assistant Licensure Bill Suspended

The Senate Health Committee heard [Senate Bill 223](#) on Monday, which creates the Anesthesiologist Assistant Licensure Act. In order to practice in Kansas, anesthesiologist assistants would have to be licensed by the Kansas Board of Healing Arts beginning January 6, 2020. The committee suspended their work on the bill on Thursday, and it will not be addressed again this session.

Bill Seeks to Require Electronic Prescriptions for Controlled Substances

The Senate Health Committee heard [Senate Bill 234](#) on Friday, a bill that requires electronic prescriptions for controlled substances. The committee will continue to work this issue next week.

Senate Committee Approves H&R Block's Taxpayer Protection Act

The Senate Tax Committee amended and passed [Senate Bill 104](#) on Friday, creating the Kansas Taxpayer Protection Act. The bill addresses tax return theft and allows the Kansas Department of Revenue to charge fraudulent preparers. Specifically, it would require a paid tax return preparer to sign and include their federal Internal Revenue Service Preparer



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Identification Number on each return beginning in tax year 2020. If they fail to comply, a \$50 civil penalty would be assessed. Certified Public Accountants are exempt from the bill. SB 104 awaits consideration by the full Senate.

Bill Restricts Property Taxes Paid Under Protest

The House Tax Committee passed [House Bill 2340](#) on Thursday, which prohibits county treasurers from distributing the portion of property taxes that are in dispute for certain residential and commercial property when the taxes are paid under protest until the appeal process is final. The bill would apply to residential property with amount of property tax exceeding the previous year's amount by \$500, to commercial property with amount of property tax exceeding the previous year's amount by \$5,000, as well as extend to commercial machinery and equipment. The bill heads to the House calendar for consideration, likely next week.

Tax Lid Exception for Local Budgets

The House Tax Committee passed [House Bill 2345](#) on Thursday 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 five 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. The bill will most likely be considered by the House next week.

Abuse of Assignment of Benefits

The House Judiciary Committee amended and passed [Senate Bill 78](#) on Monday. The bill creates law within the Kansas Consumer Protection Act regarding a post-loss assignment of rights or benefits to a residential contractor, as defined in the bill, under a property and casualty insurance policy insuring residential real estate. The bill heads to the House calendar for consideration. The Senate already passed the bill 38-1.

Utility Damage Prevention Act Clarifications Made

The Senate Judiciary Committee approved [House Bill 2178](#) on Monday. The bill amends mandatory marking requirements under the Kansas Underground Utility Damage Prevention Act and clarifies ownership and responsibility of underground utility lines. The House already approved the bill 122-2, and it now awaits consideration by the full Senate.

Credit Unions Aim to Update Old Statutes

The Senate Financial Institutions and Insurance Committee passed [House Bill 2101](#) on Monday. The bill updates and modernizes the state's credit union statutes and brings Kansas law up-to-date to continue to protect the locally operated, not-for-profit structure of credit unions. The House already approved the bill 116-1, and it now awaits review by the full Senate.



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Committee Re-works and Approves Commercial Hemp Program

The House Agriculture Committee got a second chance to tweak [House Bill 2173](#), the establishment of a commercial industrial hemp program in Kansas, before it's debated by the full House. They spent Monday and Tuesday discussing a number of proposed amendments from the Kansas Bureau of Investigation's concern around law enforcement of potential criminal activity. Their proposed changes include keeping the regulation for hemp cultivators under KDA jurisdiction but moving oversight to the Kansas Department of Revenue (KDOR) after the crop is produced. HB 2173 was approved on Tuesday with the amendments and returns to the House calendar for consideration.

In the meantime, the Senate introduced their own commercial hemp program bill on Wednesday, [Senate Bill 233](#). An informational hearing was held on Friday, after which the committee removed the contents of [House Bill 2167](#) – a bill dealing with deer permit transfers that was tabled in committee earlier this week – and inserted the contents of SB 233. Senate Substitute for House Bill 2167 was passed on Friday.

Senate Panel Considers Fix to Scrap Metal Theft Law

The Senate Judiciary Committee held a hearing on [Senate Bill 219](#) on Monday, which makes several changes to the scrap metal theft reduction act passed in 2015. Mainly, it proposes a \$1 tonnage fee on scrap metal sales over 100 pounds as a funding mechanism to implement the statewide scrap metal database that hasn't received any appropriation since the act was enacted into law. SB 219 also moves the database from the jurisdiction of the Attorney General's (AG) office to the Kansas Bureau of Investigation (KBI) and reduces the maximum registration fee for dealers in half to \$750.

The committee received testimony in support during the hearing from the telecommunication, utility, local government, law enforcement, and agriculture industries. Because the scrap metal dealers were strongly opposed, Legislators amended the bill on Friday removing the tonnage fee, reducing the dealer registration fee to \$500, and removing the fingerprinting and background check requirements. The bill will now require a \$180,000 appropriation from the State General Fund to pay for employees within the AG and KBI offices for the administration of the database. The committee passed SB 219 as amended on Friday.

ROZ Program Expands

The Senate approved [Senate Bill 125](#) by a vote of 29-11 and [Senate Bill 135](#) by a vote of 30-8 on Wednesday. SB 125 would extend the student loan forgiveness program and income tax credit another five years through 2026 for individuals who relocate to a designated county. SB 135 expands the list of eligible counties to include Atchison, Cowley, Crawford, Dickinson, Ford, Franklin, Miami, and Pottawatomie counties. Both bills were read into the House on Thursday.

Next week we anticipate more floor action and conference committee action as the legislature moves towards first adjournment, which is slated for Friday, April 5th.