



Kansas State Council of SHRM, Inc.  
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## **Kansas Legislative Report, February 10-14, 2020**

*This week began a standoff between Senate leadership and House moderate Republicans after the abortion constitutional amendment stalled last Friday. Medicaid expansion – and any bill amendable to the topic – is being held until the House reconsiders their vote and passes the abortion measure. The Senate Health Committee removed scheduled discussion and action on the Medicaid expansion bill from this week’s agenda, and neither Chamber considered any bills on the floor. In the meantime, Committees moved full speed ahead, holding hearings and passing out dozens of bills. When they move forward to General Orders, however, is the million-dollar question.*

*Today is the last day for bill introductions in non-exempt committees, and February 27 is Turnaround Day. There’s not much time left to get committee-passed bills across the floor before they’re dead for the year. It will be interesting to see how the next two weeks unfold.*

### **Budget**

The budget committees are receiving more information on agency budgets this week. The various subcommittees tasked with reviewing agency budgets are beginning to report in with their deliberations on state agencies big and small. So far, these subcommittees are agreeing with the Governor on a number of budget requests, however, there are many budgets yet to be considered.

The full Senate Ways and Means Committee discussed the Governor’s plan to amortize financing for the State’s pension plan this week. This issue has been proposed in the past and there does not seem to be enough support for the proposal to pass.

Another issue getting a surprising amount of attention is the proposal of moving some of the Agricultural Marketing Division at the Department of Agriculture to the Department of Commerce. The proposal links Ag Marketing with the business development group at Commerce. There’s a number of curious but skeptical legislators on this issue. Commerce has been asked to clarify what they intend with this merger.

The House Appropriations Committee took action on the Governor’s Executive Reorganization Order 44, which would merge the Department of Children and Families and the Department on Aging and Disability Services into the new Kansas Department of Human Services. If the Legislature does nothing, the ERO goes into effect. The Appropriations Committee has objected to the ERO, citing the concerns of a number of community groups. The Governor can submit another ERO and try again, but it’s not clear what the next step will be.

More diverse topics will be addressed next week by the budget committees: Highway Patrol aircraft replacement, plugging abandoned oil and gas wells, and the State Fair to name a few.

### **Taxes**

The Senate Tax Committee passed a handful of property tax reform bills this week; but the most notable and controversial was the so-called Truth In Taxation bill. [Senate Bill 294](#) is modeled after law in Utah and Tennessee that requires any taxing jurisdiction to notify and hold public hearings if they want to increase their property tax



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revenue for the following year. Otherwise, the mill levy must be adjusted to keep the governing body budget neutral. Amendments were made to alleviate some of the concerns from the opposition. The main amendment, proposed by the Committee Chair, removed the current property tax lid from statute if SB 294 passes intact. Municipal governments have protested the tax lid since it passed in 2015. There are still concerns that the bill does not address growth in a community when calculating budgets. Several additional property tax and appraisal bills are on the docket for next week.

The House Tax Committee passed two proposals that affect how individuals file their state tax returns. [House Bill 2538](#) increases the state's standard deduction from \$3,000 to \$4,000 for single and from \$7,500 to \$8,000 for married filers. [House Bill 2005](#) will also give Kansans the opportunity to itemize on their state tax return regardless of how they itemize federally. The Kansas Department of Revenue reported that roughly 73,000 fewer Kansans itemized on their state return after the federal standard deduction nearly doubled in 2017. Lawmakers were happy to pass both measures and provide tax relief to the majority of their constituents.

The House Tax Committee also held hearings on three recent hot topics, which they plan to finally address through legislation this year. [House Bill 2513](#) would require marketplace facilitators, like Amazon and Airbnb, to collect and remit sales or transient guest taxes on sales or transactions made in Kansas; and [House Bill 2537](#) would set a threshold of \$100,000 in sales made before online retailers would be required to collect and remit sales tax. In 2018, the Supreme Court ruled in the *Wayfair vs. South Dakota* case that states can mandate businesses without a physical presence in the state to collect and remit sales tax. Lawmakers are eager to equalize the tax treatment between brick and mortar businesses and online sellers, as well as capitalize on additional revenue to the state budget.

Last week, the Department of Commerce presented its 2019 annual report on **Sales Tax Revenue Bonds (STAR) Bonds**. There is now a bill that incorporates several changes that the Department would like to make going forward. [House Bill 2529](#) extends the sunset of the STAR Bonds program, adds rural redevelopment projects and major business and medical facilities, increases certain project investment and sales requirements, and adds a return on investment analysis. There is a hearing in the House Commerce Committee next week.

Looking ahead, the business community again has a bill to decouple from several provisions in the Federal Tax Cuts and Jobs Act of 2017. Next week, the House Tax Committee will hear [House Bill 2553](#), very similar to the proposal that Governor Kelly vetoed last year, and the Legislature was unable to override. The bill deals mostly with foreign income made by multinational companies based in Kansas. Most expect the Governor to veto the bill again, unless it can be packaged with more favorable measures that the administration strongly supports.

## Transportation Plan

Hearings in the budget committees are set to begin next week on the long-awaited "FORWARD" transportation plan. Companion bills, [Senate Bill 375](#) and [House Bill 2588](#), outline a multi-modal plan will have a rolling 2-year project window where each of the six Transportation Regions can submit three projects into the pipeline. Projects are then vetted for construction—looking for local match, feasibility, and other criteria. Not all projects in the pipeline will be selected for construction. FORWARD will be funded by a three-year restoration of the sales tax transfer, bonding authority, and an increase in the local match.



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## Insurance

The House and Senate Insurance Committees have been quite busy this year and heard four more bills this week dealing with both auto and health insurance:

- [Senate Bill 323](#), dealing with personal automobile liability insurance and property and casualty insurance, it would not be considered a denial of renewal if changes are made to an individual's policy, and the insured receives a copy of the new policy more than 30 days prior to the renewal date. For businesses, the new policy must be received more than 60 days prior to the renewal date.
- [Senate Bill 352](#) enacts the Peer-to-Peer Vehicle Sharing Program Act, outlining liability insurance and licensing requirements for drivers participating in, and companies providing, a peer-to-peer vehicle sharing program.
- [House Bill 2459](#) would require health insurers to expand coverage of treatment of mental illness and substance use. For patients who have substance use disorder, are afflicted with suicidal ideation, or are actively suicidal, the bill would require health insurers to provide coverage without prior authorization or utilization review.
- [House Bill 2557](#) would establish a \$100 maximum out-of-pocket cost share obligation per month on prescription insulin. It would broadly apply to large group, individual, hospital, and state employee benefit policies.

## Unemployment Insurance

Several bills have been introduced this session pertaining to unemployment insurance (UI). On Tuesday House Commerce will hold a hearing on [HB 2315](#) which would allow privately contracted school bus drivers to qualify for unemployment benefits during the summer months. Advocates for the bill state by allowing the privately contracted bus drivers to collect unemployment in the summer months will level the playing field with other bus positions such as monitors. However, proponents raise concerns that bus drivers know their jobs will be seasonal and should not qualify for the benefits during the summer months.

Additionally, several UI measures have been introduced that are aimed at assisting with the pending layoffs in Wichita. Bills include increasing benefits to 26 weeks ([HB 2565](#) & [SB 394](#)); increasing benefits to 26 weeks for 2 years ([SB 378](#)) and increasing benefits until April 1, 2021 ([HB 2642](#)). While the intent to assist the laid off workers is commendable there are concerns the actions are too late to assist the laid off workers.

On Friday, a bill the KS Department of Labor requested [HB 2704](#) was available Friday. The bill deals with disqualification provisions relating to dates disqualification begins, illness or injury, pension or retirement pay and employment for an educational institution.

Finally, Senator Billinger has requested a bill aimed at reducing employer contributions. He has indicated concerns the UI fund has reached over \$1.3 billion and would like to slow down the taxes employers are paying. The bill has not yet been introduced but is not yet available to review.



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## Workforce Development

The House Commerce Committee passed two economic development tools to address one of Kansas businesses' most pressing challenges, a skilled workforce. [House Bill 2507](#) would allow businesses that participate in high school work-based learning programs to be covered under the school district's liability policy. Many businesses view student liability as a major hurdle in offering more apprenticeships to a potential future workforce. Several amendments were made before passing the bill, considering concerns raised by school districts and trial lawyers.

Another initiative the Kansas Promise Scholarship Act, which will target the most in-demand fields in the state. [House Bill 2515](#) will be limited to Kansas high school graduates that attend an eligible postsecondary educational institution and require the student to reside in Kansas two years after receiving their certificate or associate degree.

On Thursday, Senate Education heard [SB 336](#) would create the Creating the Kansas reinvest in secondary education act (RISE). The bill establishes a tuition and \$250 stipend scholarship for Kansas residents up to the age of 24 who are either enrolled in the 12<sup>th</sup> grade, have been in foster care or received a GED that show a financial need, participate in guidance counseling and enroll in a high need technical program would qualify to apply for the RISE scholarship.

## Regulations

[House Bill 2411](#) passed by the House Federal and State Affairs Committee and would amend the process by which administrative regulations are adopted by state agencies. The bill would limit the Budget Director's review to proposals that cost more than \$3 million for implementation and compliance over a two-year period or are a result of a federal mandate. Stakeholder groups and interested legislators met with the Budget Director to develop compromise language that addresses workload concerns on his office yet keeps the original intent of the law passed in 2018 that called for more transparency during the rule-making process.

A bill was introduced this week that would set a cap in statute on the Kansas Department of Health and Environment's (KDHE) Bureau of Air Quality in setting air permit fees. The KDHE is proposing an increase on Class I and Class II air emitters due a decrease in emissions and corresponding revenue coming into the Air Quality Program. The EPA mandates air quality standards and that the state inspect these facilities on a prescribed schedule. During their budget report to a subcommittee of the Senate Ways and Means Committee this week, the KDHE explained why the fee increases are needed, and requested a State General Fund appropriation to alleviate some of that burden on industry. The subcommittee is scheduled to discuss and take action on KDHE's budget next week.

## Other Issues

The Senate Federal and State Affairs Committee held several days of hearings on [Senate Bill 283](#), which would make Kansas the 20<sup>th</sup> state to legalize **sports wagering**. The bill would allow the Kansas Lottery to enter into a contract with lottery gaming facility managers for managing sports wagering in-person at their facility or over the



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internet through websites and mobile device applications approved by the Kansas Lottery. The measure is supported by all of the state-owned casinos and are working with the Lottery on their concerns around offering online sales. The Committee is scheduled to discuss and take action on the proposal next week.

Two companion bills, [Senate Bill 242](#) and [House Bill 2517](#) were considered in their respective Tax Committees that would provide a tax abatement or credit on agricultural homestead property destroyed or at least 50% destroyed during a Governor-declared state natural disaster. The bills were introduced by two legislators that represent the Leavenworth County area and in response to the damaging tornados they experienced last spring.

A hearing was held on [Senate Bill 344](#), which removes the vehicle photo requirement in the Scrap Metal Theft Reduction Act. The bill leaves the integrity of the database intact, which is being implemented this year to help law enforcement better track and prevent metal theft.

### **Next Week**

Committee work will be full speed next week as the Legislature works towards Turnaround, or the half-way point of the session, which is set for February 28<sup>th</sup>. Committees will begin to feel the pressure from advocates hoping to advance their issues for consideration by the full bodies of each chamber and Leadership will begin to feel pressure by lawmakers to lift the embargo on floor debate.