



Kansas State Council of SHRM, Inc.  
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## Kansas Legislative Report, February 24-27, 2020

*The Kansas Legislature officially adjourned on Thursday, after completing the first half of the 2020 Legislative Session. While the Senate worked through 1:00 p.m., the House finished their business on Wednesday and headed home early for a long six-day weekend.*

*House leadership “blessed” 37 bills before adjourning while Senate Leadership did not bless any. These “blessed” bills are the ones that lawmakers didn’t have time to consider but want kept alive by referring them to an exempt committee. All other non-exempt bills that did not pass out of their House of Origin this week, are now considered dead for the year. For reference, exempt committees include no subject to the Turnaround deadline include House and Senate Tax, House and Senate Federal and State Affairs, House Appropriations, and Senate Ways and Means.*

*The Legislature is now enjoying a short break and will return to work on Wednesday, March 4. With Medicaid expansion and the “Value them Both” constitutional amendment on abortion still at a deadlock, some are predicting a long and contentious spring.*

*Below is a rundown of some of what happened during Turnaround Week.*

### **Budget**

With most of the week taken up with floor debate, there wasn’t much time for the budget committees to meet this week but did make some progress in developing their separate fiscal strategies.

The House Appropriations Committee met once. They worked their budgets for the prison system, and the budget for state universities. The discussion on prisons centered on the Department of Corrections (DOC) need for new vehicles. DOC has many vehicles which are 10 and 20 years old. Lawmakers asked the DOC to come up with a plan so the Legislature can review their vehicle needs in a more-timely manner.

The Senate Ways and Means Committee held more budget subcommittee meetings this week. The Committee is working on a plan to draw down more federal dollars for healthcare costs that is not associated with Medicaid expansion. During the Committee meetings, Republican members state that these bills were not Medicaid expansion and asked for a public guarantee from Democrats they would not try to amend any Medicaid expansion language onto the bill. The Committee passed bill increases access fees on hospitals.

Next week is a short week for the budget committees. There’s some talk that the first big budget bill could be done by the end of March, but there’s still some work to do.

### **Sports Wagering**

The Senate spent hours debating [Senate Bill 283](#), which adds Kansas to the rapidly growing list of states that have **legalized sports wagering**. It’s a controversial issue that’s been in negotiations for several years between the four state-owned casinos and the Kansas Lottery. The state tax rate, which entity will have oversight, and logistics for online/mobile app betting, are all issues still at play.

While the Senate passed a bill supported by the casinos, a rival bill sits in the House that gives authority to the Kansas Lottery. Governor Kelly has stated that she plans to veto a sports wagering bill that does not include some sort of iLottery component, so it will be interesting to see what is negotiated in the final legislation sent to the Governor later this session.



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## Property Taxes

The Senate passed seven property tax bills this week, which were all part of a larger reform package prepared during the interim by Senate Tax Chairwoman Caryn Tyson and several stakeholder organizations. [Senate Bill 294](#), modeled after Utah's "Truth in Taxation" law, has been the heaviest lift so far and passed the Senate unanimously after several amendments were made in Committee that helped ease some concerns for local taxing jurisdictions. The biggest concession? Trading SB 294 for removal of the property tax lid that's been in place since 2015. SB 294 does not prevent any property tax increases, rather it requires a notice to taxpayers as well as a hearing. Local units of government still have concerns over a provision that will prevent budget increases for growth.

The other six property tax bills that passed the Senate this week make some less aggressive changes dealing with **county appraisers and the appeals process at the State Board of Tax Appeals**. Those bills are Senate Bills [262](#), [264](#), [265](#), [266](#), [272](#), and [295](#). All but two votes were unanimous.

The Senate Tax Committee also passed out [Senate Bill 309](#) this week and it awaits consideration by the full Senate after Turnaround. The bill places the **burden of proof** on the county appraiser in certain valuation and classification appeal hearings before the district court.

## Medicaid Expansion

True to her promise, Senate President Wagle did not bless [Senate Bill 252](#), the Senate's Medicaid Expansion bill. SB 252 represents the negotiated Medicaid Expansion agreement between Governor Kelly and Senate Majority Leader Jim Denning which when introduced has 22 co-sponsors. The bill has been tightly tied to the "Value them Both" Constitutional Amendment, which failed to pass the House by 4 votes. President Wagle has vowed Medicaid Expansion will not be debated until the Constitutional Amendment is passed by the Legislature.

The Public Health and Welfare Committee amended SB 252 and added language tying implementation of Medicaid Expansion to the passage of the Constitutional Amendment, however, the measure failed to advance out of committee by a vote of 5-4.

[House Bill 2066](#), which passed the House last session, remains the only viable bill dealing with Medicaid Expansion. The bill remains in the Senate Public Health and Welfare Committee and requires 24 votes by the Senate to pull it out of committee. At this point in the session, it appears there are not enough votes to by-pass the Senate President and bring it to the floor for debate. As the second half of the session begins, we expect the Medicaid Expansion to heat from both sides and likely dominate the remainder of the session.

## Transportation

The new ten-year, multi-modal Transportation Plan will be addressed after the Turnaround break. The **FORWARD transportation** plan will implement a shorter rolling program approach, where highway modernization and expansion projects are selected every two years. [House Bill 2588](#) and [Senate Bill 375](#) have been heard in their respective budget committees and action is expected on them in the next few weeks.

[House Bill 2460](#) provides an **income tax credit to short line railroads** that make qualified track maintenance expenditures to allow for larger and faster cars used by Class I railroads. Agribusiness interests proposed an amendment during the hearing to extend the credit to owners or lessees of rail



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siding along a Class II or Class III railroad. The House Tax Committee Chairman has showed an interest in possibly adjusting the bill as it relates to a similar federal tax credit currently available to short lines. Some lawmakers have also suggested looking at the rail-designated money in the new FORWARD transportation plan as a funding source for such expenditures. The exempt bill is still alive, and interested parties are continuing to work with lawmakers and educate them on the importance of the tax credit in ensuring healthy rail service for moving Kansas products to market.

## Insurance

Four insurance-related bills passed either the House or Senate this week, three of them with unanimous votes:

- [House Bill 2479](#) codifies the **NAIC corporate governance** model regulation into statute.
- [House Bill 2480](#) updates the definition of **long-term care insurance** contained in the long-term care insurance act.
- [Senate Bill 402](#) updates **producer licensing statutes** pertaining to appointment, fees, licensing, renewal dates, continuing education, suspension, revocation and denial of licensure and reinstatement.
- [Senate Bill 292](#) grants the commissioner of insurance flexibility in **assessing certain excess lines coverage penalties**.

The House Insurance Committee was scheduled to act on [House Bill 2459](#) on Monday, but instead made the recommendation to request an interim study or task force to look at the issue further. The bill creates the **Mental Health Parity Act**, which would require health insurers to expand coverage of treatment of mental illness and substance use disorder. Even after a two-day hearing earlier this month, many committee members still had unanswered questions and didn't feel ready to move forward with the legislation this year.

The **short-term health insurance policies** bill, [House Bill 2053](#), did not advance. The bill proposed to increase the number of renewal periods from 12 months to up to 36 months. These short-term policies are typically written for 6 or 12 months. Advocates for the bill suggested these plans offer another solution for the uninsured or those in-between jobs while opponents cautioned the plans coverage limits are often misunderstood leaving patience not covered for such diagnosis as cancer and mental health.

## Utilities

The House and Senate passed several bills this week that cover a range of utility issues:

- [Senate Bill 380](#) passed 31-8 and **prohibits municipalities from imposing additional requirements for the deployment of micro wireless facilities** in the public right-of-way and to allow a municipality to require compliance with certain standards.
- [Senate Bill 126](#) passed unanimously and **exempts the following utilities from Kansas income tax** for tax years ending on or after December 31, 2021: every electric and natural gas public utility that is subject to rate regulation by the KCC; and any utility that is a cooperative or owned by one or more cooperatives.



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- [Senate Bill 339](#) passed unanimously and authorizes the Kansas Corporation Commission (KCC) to **regulate electric public utility rates** to allow contract and discounted rates for certain facilities.
- [House Bill 2585](#) passed 123-2 and exempts from the definition of “public utility” the marketing and sale of electricity purchased through a retail electric supplier in such supplier’s certified service territory for the sole purpose of the provision of **electric vehicle charging services** to an end user. An amendment passed the House regarding transmission citing.
- [House Bill 2618](#) passed 120-5 and establishes the **State Broadband Deployment Grant Program** to award funding to applicants seeking to expand access to broadband internet service (broadband) in the state. Funding for the Grant Program is included in the FORWARD transportation plan proposals.

### Commerce

The full House passed [House Bill 2702](#), which decouples participation in the Kansas Industrial Training (KIT) program or the Kansas Industrial Retraining (KIR) program as a method to qualify for the **High-Performance Incentive Program (HPIP) tax credit**. The bill also eliminates the HPIP certification and recertification by a business to dedicate two percent of payroll for training purposes.

[House Bill 2529](#), the House **STAR Bonds** bill was blessed by House Leadership. This bill 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. Chairwoman Lynn introduced a STAR Bonds bill in the Senate, through an exempt committee, which has not been released in bill format. Both Senate and House Commerce Chairs have agreed to discuss the program after Turnaround.

[House Bill 2689](#), **Angel Investor** bill, was also blessed by House Leadership. It proposes to increase the annual caps on tax credits from \$6 million to \$8 million by tax year 2025. The bill also increases the amount of tax credits claimed on a qualified business investment from \$50,000 to \$100,000 and increase the total amount of tax credits investors could claim annually from \$250,000 to \$350,000. We expect this bill to be discussed with other economic development measures the second half of the session.

The House also passed [House Bill 2507](#) by a vote of 97-27. The bill exempts businesses from certain liability claims arising from a secondary student engaged in a **“work-based learning program.”** Provided the school district of the secondary student has purchased the applicable insurance coverage, a business would not be subject to civil liabilities under certain circumstances. Lack of workforce continues to be the number one challenge for businesses across the state, but especially in rural areas. Lawmakers hope that resolving liability concerns for employers will encourage more participation in these employee recruitment programs.

[House Bill 2625](#), preempting a local government’s ability to **ban plastic bags** or one-time use plastics was passed by the House Commerce Committee with 5-year sunset on the law. The bill was blessed and can be acted upon after turnaround.

[House Bill 371](#), Requiring posting of a **human trafficking awareness** notice approved by the attorney general in certain businesses and public places passed the Senate this week and is headed to the House Judiciary Committee.



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### Unemployment Insurance

Despite several measures introduced to make changes to the **Kansas Unemployment System** only one bill, [House Bill 2462](#), was blessed by House Leadership. This measure proposed to increase the maximum number of weeks allowed to be claimed for unemployment insurance benefits to 26 weeks, regardless of the unemployment rate, but would sunset on April 1, 2021. Aimed at providing relief to Wichita's laid off aviation workers and suppliers the bill had 29 bi-partisan co-sponsors.

Two additional measures introduced through the Senate Ways and Means exempt committee remain alive. [Senate Bill 392](#) which eliminates the benefit waiting week and [Senate Bill 394](#) increases the maximum number of weeks allowed to claim unemployment insurance benefits to 26 weeks, regardless of the unemployment rate and no sunset like HB 2462.

### Workforce Development

The only scholarship bill to advance after Turnaround is the House's version entitled the **Kansas Promise Act**. Set out in [House Bill 2515](#), the Kansas Promise Act targets the most in-demand fields and provides incentives for Kansas high school graduates to seek training in these areas. The Senate's version [Senate Bill 336](#), the RISE Act, was not blessed by leadership and therefore did not advance.

The **Kansas Targeted Employment Act**, [HB 2416](#), was blessed by House Leadership. This bill is part of the House Republican's "[Make Kansas Work](#)" initiative and was discussed in House Commerce on Monday. However, discussions were tabled as the committee continued to struggle with understanding intent of the bill and the amendments offered to address concerns. Chairman Tarwater indicated work on the bill would be resumed after Turnaround.

### What to expect the 2<sup>nd</sup> half

The second half of the session will officially begin on Wednesday, March 4th. As mentioned above we expect the stalemate between Medicaid Expansion and the "Value them Both" Constitutional Amendment to determine how much significant work is accomplished the remainder of the regular session. Budget negotiations, work on the FORWARD transportation plan and how to move forward with tax and economic development policy will be some of the major topics to be resolved.