



Kansas State Council of SHRM, Inc.
825 S. Kansas, Suite 502 • Topeka, KS 66612
(888) 332-6248 • office@ksshrm.com



Kansas Legislative Report, March 16-19, 2020

The Kansas Legislature adjourned Thursday evening, two weeks ahead of schedule. Legislators worked in overdrive this week to assemble a budget and transportation plan that passed both Chambers with overwhelming support and are now headed to the Governor's desk. As confirmed cases of COVID-19 increased each day, lawmakers knew they needed to conduct only essential business and go home. All other bills were put on hold for the Veto Session, which is scheduled to begin on April 27. However, it's still unclear whether or not the coronavirus pandemic will allow a 2020 Veto Session at all.

COVID-19 Legislative Response

The Legislature passed two emergency bills to help the state respond to the health crisis, which Governor Kelly has already signed into law.

[Senate Bill 142](#) provides school districts the flexibility needed to address the **school closure** announced by Governor Kelly this week. It authorizes the state board of education to grant waivers from the requirement to provide a minimum number of school hours during the year.

[Senate Bill 127](#) will assist with aviation layoffs and now the much-anticipated layoffs due to the coronavirus. Effective immediately, **unemployment benefits** will be extended from the current 16 weeks to 26 weeks. Claimants will also not have to wait a week to receive their benefits. These provisions expire April 1, 2021.

Lawmakers also passed on Thursday a resolution extending the Governor's state of disaster emergency declaration to May 1, 2020 and gives the Legislative Coordinating Council – which consists of Republican and Democrat House and Senate leaders – **oversight on future use of emergency powers** responding to the coronavirus. [HCR 5025](#) drew some debate over the extent of its restrictions before negotiators compromised on the deal.

Budget Review

The budget and the transportation plan were the final items debated on the floor of the House and Senate this week. House and Senate negotiators spent a number of hours of back and forth talks to reach an agreement on each. Both ultimately passed in each chamber with very little debate and by wide margins.

Concerns about the effects of the coronavirus impacted the budget for this fiscal year. Legislators are concerned that an economic downturn will cause a sharp drop in tax revenues and more budget adjustments might take place down the road. The budget adds \$50 million for coronavirus response for various state agencies and \$15 million for the Kansas Division of Emergency Management.

The budget also provided a one-year extension to the current **STAR Bonds program**. This will allow current projects in the pipeline to be completed, specifically the American Royal project near the Kansas Speedway. Legislators are expected to come back next session and make some additional changes to the program.

KU Medical Center saw additional funding in the budget and the cap on newborn screenings was also increased. A number of items have been put off until legislators come back from their April break, such as state employee pay raises.



Kansas State Council of SHRM, Inc.
825 S. Kansas, Suite 502 • Topeka, KS 66612
(888) 332-6248 • office@ksshrm.com



Legislators will know more after the presumed the April 15 tax filing deadline. In addition, the Consensus Revenue estimating group will also meet in April to provide an updated economic forecast for the state. Once those tax and forecast numbers are known, the Governor and the Legislature can reassess their budget priorities and potentially make changes during the Veto Session.

“Eisenhower Legacy” Transportation Plan

The Legislature passed a new 10-year, \$10 billion transportation program before adjourning for April break. Here are some of the key provisions:

- Requires that all new bonds be paid using state highway fund revenue, and that includes sales and compensating use tax.
- Prioritizes preservation projects first, completing TWORKS projects second, and modernization and expansion third.
- Sets aside \$300 million for alternative delivery projects during the first three years, and another \$200 million starting in 2023. Alternative delivery would be restricted to projects of \$100 million or more and will not include preservation.
- Includes \$5 million for broadband construction for the first three years and \$10 million each year following.
- Devotes \$5 million to creating a short line rail improvement fund for qualified railroad track maintenance. The state would match money from short line railroads or owners/lessee of track siding along a short line railroad 70% to 30%.
- Requires 17 unfinished projects from the last transportation program to be let for construction by July 1, 2023.
- Establishes a formula for ensuring that a minimum amount of money will be spent on modernization and expansion projects in each of the state’s six transportation districts across the state.

Tax Policy

The Senate unanimously passed [House Bill 2702](#) this week, 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. The House also passed the bill unanimously earlier this month, so it now heads to a House/Senate Tax Conference Committee.

The House and Senate Tax Committees were able to meet on Monday before the Legislature cancelled the majority of committee work for the rest of the week. The House Tax Committee heard [Senate Bill 294](#), which establishes new notice and public hearing requirements when a taxing jurisdiction’s budget revenues from property taxes are higher than the previous year. The bill has already passed the Senate unanimously and is expected to be included in a larger property tax reform package during the Veto Session.



Kansas State Council of SHRM, Inc.
825 S. Kansas, Suite 502 • Topeka, KS 66612
(888) 332-6248 • office@ksshrm.com



The Senate Tax Committee heard [Senate Bill 369](#), a bill which requires **marketplace facilitators** to collect and remit sales, use and transient guest taxes from sales made through their platforms; establishing nexus provisions for remote sellers. A similar bill was heard earlier this year in the House Tax Committee but was never worked. However, because the subject matter did pass one Chamber last year, the bill is able to be worked in Conference Committee.

The Senate Tax Committee also passed [Senate Bill 196](#) on Monday, a bill from last year that allows individual income taxpayers to begin claiming the **expensing deduction** for the costs of placing certain tangible property and computer software into service beginning in tax year 2020. The bill awaits further action during the Veto Session.

Utilities

The Senate Utilities Committee on Tuesday gutted the contents of [House Bill 2585](#), inserted Senate Bills 126 and 339, and passed it out. [Senate Bill 126](#) **exempts certain public utilities from state income tax** and requires lower electric rates as a result. The bill was introduced last year when the Legislature commissioned a study to examine Kansas' high electric rates and is generally supported by the industry. [Senate Bill 339](#) authorizes the Kansas Corporation Commission (KCC) to **regulate electric public utility rates** to allow contract and discounted rates for certain facilities.

The Senate Utilities Committee also passed [House Bill 2618](#) on Tuesday, which establishes the **State Broadband Deployment Grant Program** to be administered by the new Office of Broadband Development in the Department of Commerce. The purpose of the program would be to award funding to applicants seeking to expand access to broadband internet service in the state. The funding for the grant program is included in the transportation plan appropriations.

The Senate Utilities Committee also amended SB 380 into [House Bill 2018](#). This bill pertains to **cable providers** and allows them to deploy strand mount in the city. Because of this action, the bill is exempt and remains alive for Veto Session.

All bills are expected to be addressed during the Veto Session.

Veto Session

With the rapid departure of the legislature, many issues remain for Legislative Veto Session. It is unclear at this point if they will meet in late April. If they do meet, it will be a very busy veto session, as the legislators try to resolve the many remaining issues as they balance their desire to end session so they can campaign for the 2020 Primary and General Elections.