



LEGISLATIVE REPORT

KEDA

APRIL 10, 2021

OVERVIEW

They're off! Legislators are on the way back to their districts for April Break as the Regular Session concluded after a busy week. This week, dedicated to conference committees, saw the resolution of dozens of lingering bills while tackling the budget and education policy. With the Regular Session over, there is a three-week break before Veto Session begins May 3.

Though many issues could arise during Veto Session, the wrap up session is generally aimed at tying up loose ends on the budget, lingering conference committee items and consideration of vetoes from Governor, if any. Before the legislators left, they approved a state budget for the next fiscal year but fell short of passing a comprehensive education policy bill. The education bill contained the funding for K-12 schools as recommended by the Governor but added several controversial policy provisions. The Legislature will have to create a new bill to provide education funding when they return in May.

The comprehensive tax bill, SB 50, was sent to Governor Kelly's desk where her decision to sign or veto is being closely monitored. Though the Senate has passed a sports wagering bill, the issue may be dead for the year, along with medical marijuana, which has not passed either chamber.

Star Bonds

SB124 has been sent to the Governor. The bill amends STAR bonds by adding rural redevelopment projects and major business facilities, changing certain project financing, investment and sales provisions, adding a visitor tracking plan requirement and additional feasibility study requirements with oversight by the secretary, requiring approval by the secretary for real estate transfers, requiring district contiguity, making other amendments and extending the sunset date for five years.

Rural Opportunity Zones

Although rural opportunity zone legislation did not pass, it was discussed and added to a tax conference committee to extend the program for 2 more years and make the program available to counties with 40,000 or less population and eliminate the urban provisions in HB2237. The tax conference bill, SB47, was not worked before first adjournment, but is available for veto session.

KIT and KIR HPIP Decoupling and HPIP Transfer of Credits

SB65 was concurred with by a vote of 38-1, and the bill has been sent to the Governor. The bill would decouple the requirement of participating in the Kansas industrial training, Kansas industrial retraining in order to receive HPIP credits. SB91 was added to the bill, which would allow for a taxpayer with HPIP projects placed in service after January 1, 2021 to transfer up to 50% of the tax credit. The taxpayer may make a transfer to one

or more transferees, but the total of all transfers shall not exceed 50% of the taxpayer's tax credit. The taxpayer shall make the transfer or transfers within a single tax year.

Angel Investor Tax Credit

SB66 is the bill would extend the sunset for the Angel Investor Tax Credit from tax year 2021 to tax year 2026 and would increase the amounts of tax credits allowed. SB66 has been sent to the Governor.

Rural Housing Incentive District

SB90 and would amend the Kansas rural housing incentive district act to permit bond funding for vertical residential renovation of older buildings in central business districts. The structures would need to be 25 years or older. SB90 was passed by the House vote of 105-17, and the Senate concurred with a vote of 34-5. It also goes to the Governor.

Governor's ERO 48

Governor Kelly's ERO 48 has been approved. The House and Senate have recommended the ERO be approved. The ERO would transfer the Division of Tourism and the office of the Director of Tourism from the Kansas department of wildlife, parks and tourism to the Kansas Department of Commerce.

University Engineering Initiative Act

The University Engineering Initiative Act (UEIA) extension, HB2101, has been sent to the Governor. The program is administered by the Kansas Department of Commerce and Board of the Regents and provides \$10.5M each year from the Lottery Act Fund that is evenly split by Kansas State University, Wichita State University and Kansas University. The program also requires matching funds.

Kansas Promise Scholarship Act

The Kansas Promise Scholarship Act was added to HB2064. It was passed by the legislature and is on its way to the Governor. The overall bill would establish the Kansas promise scholarship act to provide scholarships to students who attend postsecondary educational programs that correspond to high-need career fields.

Budget

HB2007 was passed, which is the budget bill. Following are the main items included in the budget for Higher Education.

- Include \$2.1M for excel in CTE for FY 21 (2-year colleges)
- Include \$8.3M for excel in CTE for FY 22 (2-year colleges)
- Include \$24.9M for higher education systemwide
- Include \$1.4M for the National Guard Scholarship Program

K-12 funds are not in the final budget. A policy and K-12 budget bill that would have provided funding for private schools and full funding for K-12 public schools was defeated in the Senate. The House and Senate will be adding the K-12 funding for public schools to the final budget bill when they return in May.

Licensure Bill

The Licensure Reciprocity bill, HB2066, was passed and is on its way to the Governor. In short, the bill provides that people licensed out of state and/or military spouses who move to Kansas are on the fast track to obtain a Kansas license unless the requirements are substantially different.

Fairness in Women's Sports Act Passes

SB55, which had the language of SB208 in it, passed the House and Senate. This would create the fairness in women's sports act to require that female student athletic teams only include members who are biologically

female, was passed by the Senate. This is a bill that is being noticed nationwide. The vote was 76-43 in the House and 26-11 in the Senate. It is expected that the Governor will veto this measure. The KC Chamber opposed this measure.

Unemployment Issues

HB2196 was passed out of the Senate and House and is on its way to the Governor. The bill Senate Substitute for HB 2196 by Commerce, Labor and Economic Development would change provisions of the employment security law including creation of the unemployment compensation modernization and improvement council, development of a new unemployment insurance information technology system, provision of tax information to claimants, publication of trust fund data, the maximum benefit period, the charging of employer accounts for benefits paid, employer contribution rate determination and schedules, abolishment of the employment security interest assessment fund, crediting of employer accounts for fraudulent or erroneous payments, appropriation of federal COVID-19 moneys to the unemployment insurance trust fund, transfers from the state general fund to the unemployment insurance trust fund for improper benefit payments, emergency expansion of the employment security board of review, providing for the my reemployment plan program and workforce training program availability to claimants, changes to the shared work compensation program and other unemployment trust fund provisions.

Marketplace Facilitator Bill

SB50, the tax bill has been sent to the Governor. Added to the bill were the decoupling language, higher standard deductions for individuals, extension for filing income taxes, and net operating loss. The bill, in regard to marketplace facilitator language, has an April 1, 2022 implementation date for the prepaid wireless 911 fees. The bill would provide guidance and definition to sales tax requirements relating to marketplace facilitators; requiring the collection and remittance for sales, compensating use and transient guest taxes and prepaid wireless 911 fees made on platforms. The bill would set \$100,00 as the amount of sales needed to Kansas to be required to pay sales tax.

COVID Business Liability

The Governor has signed SB283 into law. The bill would extend the business liability provision for the COVID-19 response and reopen for business liability protection act to apply to actions accruing on or after March 12, 2020. This bill would extend the provisions until March 31, 2022 for both the business and health care liability provisions. The bill also extends the use of telemedicine and allows the Board of Healing Arts to grant certain temporary emergency licenses.

Medicaid Expansion

No movement has occurred on any Medicaid expansion bills. There was an effort to amend Medicaid expansion during the House debate on the budget.

Medical Marijuana

Discussion on medical marijuana did not continue as the House bill, Senate Sub for SB158 was sent back to Committee. There was an approved amendment includes language offered by the Kansas Chamber, which ensures that the act will not force an employer to accommodate the use of medical marijuana or prohibit the employer from drug testing and/or establishing a drug free policy.

Vaccine Bill

SB213, which prohibits an employer from taking any adverse employment against an employee because of the employee's vaccination status, was added to SB212 and voted out of the Senate Health and Welfare Committee. Senator Mark Steffen, MD (R-Hutchinson), tried to add the language to a bill on the floor, but it was defeated. No further action is expected on this issue.

Child Care Tax Credit

HB2414 and SB63, the child tax credit bills were not worked during regular session but is available for veto session. The bill would expand what taxpayers can claim the 50.0 percent child day care assistance tax credit. The bills would also allow individual income taxpayers to claim this tax credit and increases the tax credit to 50.0 percent for taxpayers that provide facilities and necessary equipment for a child day care services after the initial year or if the taxpayer pays for or locates child day care services for their employees beginning in tax year 2021.

Links to House and Senate Calendars

http://kslegislature.org/li/b2021_22/chamber/calendars/

Audio and visual link <http://kslegislature.org/li/>

Sandy Braden, President, Braden Heidner Lowe & Associates

Email: sandy@bhlandassociates.com

Office: 785-233-4512