



LEGISLATIVE REPORT

KEDA

FEBRUARY 12, 2022

OVERVIEW

Another busy week is in the books as the Turnaround deadline lurks closer. Monday marked the last day most committees could introduce bills but there are still a few paths for new legislation to emerge. Nonetheless, over a thousand bills are currently floating within the process. Activity continues to heat up as next week is the last full week committees can work to consider and recommend bills while the following week will be reserved for day-long debates on the Senate and House floor.

Redistricting

Governor Kelly has already vetoed her first bill of the session, rejecting the congressional redistricting map sent to her desk last month. After a day of scrambling, the Senate provided enough GOP votes to override the veto with the House following suit the next day. This means the congressional map, which takes effect later this year, will now move forward to the typical judicial review process. Next steps will be for the House and Senate to start on their own district maps.

APEX Bill Signed by Governor

The House Commerce Committee passed out SB347, known as the APEX bill on Monday; the full House approved on Tuesday; the full Senate concurred with House changes on Wednesday; the Governor signed the bill on Thursday. Secretary Toland presented the offer that he was presenting to the prospect to the State Finance Council and by 5:00pm he had approval and the proposal out the door. It now will be the waiting game to see the success of SB347 in landing the business. The bill, requested by the Commerce Department, was developed to provide additional state incentives for potential large economic development projects. The bill, known as APEX, would provide for tax and other incentives for projects in specified industries, or for national corporate headquarters with capital investment requirements of at least \$1,000,000,000.

Governor Announces New Medicaid Expansion Bill

Under the proposed legislation introduced on February 8 by Governor Kelly, Medicaid will be expanded to cover Kansans earning up to the full 138 percent of the Federal Poverty Level, 90 percent of which would be paid by the federal government, starting on January 1, 2023. Furthermore, if Medicaid is expanded, the state is poised to receive an additional \$370 million over the next eight fiscal quarters for the current Medicaid population. That's a total of \$68.5 million in State General Fund savings in Fiscal Year 2023 alone, which will be reallocated for one-time strategic investments on housing, childcare, and workforce development.

Sales Tax Exemptions

The Senate Assessment and Taxation Committee passed out SB339, which is the bill to eliminate the food sales tax. The bill was amended to eliminate the sales tax on commercial and industrial utility bills; eliminates sales

tax on deliveries identified on invoices; eliminates sales tax on movie theater tickets and concessions. The sales tax on food would not be effective until 2024.

HB2499 was heard in House Taxation this week. The bill would cap at \$40 million a sales tax refund for telecommunications, internet, and video sales equipment. No action was taken.

The House Taxation Committee will hear HB2394 on Wednesday. The bill increases the amount of the research and development tax credit, expands eligibility beyond corporate taxpayers and permits transfer of the credit.

Budget

The subcommittees of the House Appropriations and Senate Ways and Means Committees have begun meeting to finalize individual budgets and present to the full Committees. Higher Education budgets continue next week. Expect more activity in developing the next fiscal year budget in the next two weeks.

Business Practices Bills

HB 2664, introduced as the Unfair Business Practices Bill, creates restrictions for banks, credit unions and businesses from having standards as it relates to social media posts, association membership, political affiliation, employer, social credit score, environmental, social and governance criteria or other similar values-based or impact criteria. The bill, referred to the House Committee on Financial Institutions and Rural Development, is co-sponsored by twenty-five House republicans. However, the bill's vast scope appears to be generating plenty of opposition. No hearing for the bill has been scheduled, indicating the bill's days appear numbered, given the Turnaround deadline is days away.

Housing Bills

SB375 and SB369 was heard in Senate Federal and State Affairs Committee. SB375 would enact the Kansas Housing Investor Credit Act. The purpose of this new tax credit program would be to facilitate investment in suitable housing that will support the growth of communities that lack adequate housing by attracting new employees, residents, and families and would support the development and expansion of businesses that are job and wealth creating enterprises.

SB369 would enact the Kansas Affordable Housing Tax Credit Act. The Act would provide a new Kansas Affordable Housing Income Tax Credit for qualified low-income housing projects located in Kansas and determined by the Kansas Housing Resources Corporation (KHRC) to be eligible for the federal low-income housing tax credit beginning in tax year 2023. No action was taken on SB369.

HB 2268 would create the Kanas Rural Home Loan Guarantee Act. The bill would require the State Treasurer to enter into agreements with financial institutions to provide loan guarantees against risk of default for rural housing loans. The bill has a hearing in House Financial Institutions and Rural Development next week.

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Other

HB2652 will be heard this week. This is the continuation of business and health care liability protections due to COVID. The bill extends the sunset to January of 2023.

HB2686 will be heard this week. The bill is a 283-page bill to reform water policy in Kansas. It includes creating the Kansas department of water and environment within the executive branch and transferring the duties of certain offices to such department, establishing the water and environment maintenance fund and

the water and environment maintenance board, modifying election procedures for groundwater management districts, establishing a water rights fee on owners of water rights and permits to appropriate water for beneficial use, authorizing the chief engineer to issue certain orders without review by the secretary of water and environment, increasing water protection fees, establishing a civil penalty for obstructions in streams violations and establishing the water structures emergency fund.

Next Week

Below is a link to the calendars for next week:

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

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