



LEGISLATIVE REPORT

KEDA

JANUARY 15, 2021

OVERVIEW

Happy New Year! The turning of the calendar ushers in a new legislative session in Topeka. The 2021 Kansas Legislative Session officially started on Monday, January 11. The first week began with legislators taking the oath of office while committees starting work at a roaring pace. The atmosphere in the Statehouse is very different as countless COVID-19 precautions are in place. All committees are broadcasting meetings with video and audio over the internet to the public while legislators are spaced out across the room to social distance. Most committees only allow the public or lobbyists to be in committee rooms if they are going to testify on a bill. Large groups are not allowed to enter the Capitol. Though the calendar is very similar to previous sessions, there is a sense of urgency to complete work quickly in case the session is impacted by quarantines.

House and Senate committees opted to begin work the first week, which traditionally is spent on organizational meetings. Several committees received agency and industry updates while a few held bill hearings. The Senate Tax Committee held hearings on bills related to property and income tax while judiciary committees began discussions on legislation related to COVID-19 response. Next week will see increased activity in committees, including dozens of bill introductions and more bill hearings.

Governor Laura Kelly presented the State of the State address to the Legislature via video. Governor Kelly outlined her priorities for the new session, including protections against COVID-19 with the vaccination rollout, stable budget and economy. The Governor presented her budget recommendation for the next fiscal year that includes a \$600M ending balance.

Governor's Budget Highlights

- KPERS Reamortization
- Retail Sales & Compensating Use Taxes on Digital Property - Increases SGF Revenues by \$42.7mil in FY22
- Marketplace Facilitators to Collect Sales Tax - Increases SGF Revenues by \$43.1mil in FY22
- Budget recommendation protects K-12 funding to comply with Base Aid requirements by Supreme Court
- Budget calls for restoring many of the allotments/cuts to the Regents and their members
- Expanding Medicaid to full adult expansion population, beginning 01/01/2022
- Transportation - Reduced SGF reliance on KDOT, with plan to phase out by FY23
- Move forward with the Eisenhower Legacy Plan that was approved by the Legislature in 2020
- Governor proposes \$14.3mil in SGF to fund a 2.5% pay increase for all State employees
- No increases in Personal or Corporate Income Tax

Licensure Bill

Licensure issues will engender plenty of discussion under the dome. The Licensure Reciprocity Bill is re-introduced as HB 2066 after the 2020 effort stalled due to the early adjournment. 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. The hearing is scheduled for next Tuesday. John Jenks will testify in favor of the bill.

Senate Passes Kansas Energy Management Bill

The Senate passed by a bi-partisan vote the extension and ratification of the state of disaster emergency legislation that was passed during the special session in June and would sunset on January 26, 2021. The bill would extend the provisions until March 31, 2021. Included in this legislation was telemedicine guidelines, business and health care liability provisions, emergency licensure by BOHA and temporary licenses for health care workers, restriction on the Governor regarding shutting down businesses, and the allowance of to go alcohol drinks. The House will hear the bill on Tuesday, January 17 in House Judiciary. This bill is on a fast track to the Governor. John Jenks testified in support of the bill.

Property Tax Bill Passes Senate

SB 13, as amended, would repeal the property tax lid law applicable to cities and counties, establish notice and public hearing requirements for any taxing subdivision seeking to collect property taxes in excess of the subdivision's revenue-neutral rate, prohibit valuation increases resulting solely from normal maintenance of existing structures, and expand the allowed acceptance of partial payments or payment plans for property taxes. The bill passed by a partisan vote of 34 yes, 1 no, 1 pass, 4 absent.

Tax Decoupling Bill

SB22 was introduced by the Kansas Chamber. This is the bill that includes various changes in tax treatment for global intangible low-taxed income, business interest, capital contributions, FDIC premiums, business meals and payment protection program loans and expenses; expanding the expense deduction for income taxpayers and calculating the deduction amount; providing the ability to elect to itemize for individuals; exemption of unemployment compensation income attributable as a result of identity fraud; and increasing the net operating loss for corporations.

Angel Investor Tax Credit Renewal

HB2045 was heard in House Commerce. The bill would revise the Kansas angel investor tax credit act with respect to the definition of qualified securities, tax credit limitations and amounts, investor requirements and extending the date that credits may be allowed. No further action has been taken by the Commerce Committee.

Next week in the Legislature:

Tuesday

9:30am	Senate Tax	Hearing on decoupling bill – SB22
1:30pm	House Commerce	Hearing on reciprocity of licenses – HB2066
3:30pm	House Judiciary	Hearing on KEMA – SB14

Wednesday

11:45am	Legislative Post Audit	Economic Development
3:30pm	House Taxation	Hearing on property tax transparency – SB13

Thursday		
9:00am	House Appropriations	Briefing by Department of Commerce
10:30am	Senate Commerce	Briefing by Department of Commerce
1:30pm	Senate Utilities	Hearing on Energy Choice Bill – SB24

Links to Legislative Calendar

Here are the links to next week's calendar:

http://www.kslegislature.org/li/b2021_22/chamber/house/calendar/2021/1/

http://www.kslegislature.org/li/b2021_22/chamber/senate/calendar/2021/1/

Since much of the committee and floor activity will be available virtually, here is the link to the Kansas Legislature website, where the audio and visual will be available. <http://kslegislature.org/li/>

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