



# LEGISLATIVE REPORT

KEDA

JANUARY 28, 2022

## OVERVIEW

As the remaining days of January wind down the momentum of the 2022 Legislative Session increases each day. The third week of session saw scores of new bills introduced, dozens of committee hearings, and the second bill of the session already on the way to the Governor's desk.

Redistricting map debates stole most the local news headlines as the House approved the congressional map forwarded by the Senate last week. The congressional map resets the boundaries for Kansas' four congressional districts to account for the population shift to the metro areas over the last decade. Approved by both chambers along party lines. It now goes to the Governor, who has indicated that she would not have voted for the map. It is expected that the map will be sent to the courts. Meanwhile the House and Senate Redistricting Committees are beginning to work on maps for state legislative districts.

Other committees are also generating interest. The House Tax Committee began reviewing food sales tax proposals with the Senate Tax Committee expected to follow suit next week. The Senate Public Health Committee made a splash with its consideration of a bill related to COVID treatment (SB 381). Next week committees are scheduled to continue hearings and consider recommending bills to their chambers.

## Redistricting

The Legislature passed out a Congressional map that would divide Douglas County into the first and second districts; divide Wyandotte county into the first and second districts; divide Pawnee county into the first and fourth districts and adds Franklin and Anderson to Johnson and all of Miami counties to the third. The Governor after receiving the bill, will have 10 days to sign or veto. The House and Senate District maps will be worked on in the next couple of weeks.

## Economic Development

Two bills, one in the House and the Senate, were introduced this week. SB347 passed out of the Senate Thursday, with a couple of amendments, by a vote of 32-7. The House Commerce Committee will hear the bill on Monday, January 31. The Committee is planning on discussing and acting on the bill on Tuesday, February 1. 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. This would include a refundable tax credit for a portion of the investment, reimbursement of certain payroll costs and training costs, retention of certain payroll withholding taxes, a sales tax exemption for project construction and a property tax incentive for projects located in a foreign trade zone. The Senate removed the refundable tax credit on income tax portion and added a one-year sunset. And they added a .5% reduction in the corporate income tax. There will be an effort to put back in the refundable tax credit provisions.

## **Sales Tax Exemptions**

The House Taxation Committee heard two bills on reducing the state sales tax on food to 0% from 6.5%. Both bills allow the local entities to continue to assess a sales tax on food. The two bills differ on the definitions of food and food ingredients. The Governor's bill does not exempt some prepared foods, while Republican's bill includes all foods, including prepared foods. The Governor's bill will increase the percentage of the remaining sales tax that goes to the highway fund, to make up for the loss in revenue in sales tax on food. Neither bill was acted upon. The Senate versions, SB339 and SB342 will be heard coming week in Senate Assessment and Taxation Committee on Tuesday.

In general, there are many sales tax exemption bills being heard in Committees. A couple to note is that SB359 and HB2499 will be heard next week in Senate and House Taxation respectively. SB359 would eliminate the state sales tax on commercial and industrial utility bills. HB2499 will cap at \$40 million a sales tax refund for telecommunications, internet, and video sales equipment. It remains to be seen what the result will be in the sales tax exemption arena.

## **Medicaid Expansion**

The Governor's budget includes expanding Medicaid to full adult expansion population, beginning January 1, 2023. According to the Governor's budget, Kansas would save \$68.5 million by expanding Medicaid as ARPA provides for 5% increase in FMAP on base population for new expansion. And the cost to operate expansion after eight quarters is \$40 million. The budget notes that Kansas is 1 of 12 states not yet to expand Medicaid. No action.

## **Medical Marijuana**

The House passed medical marijuana in 2021 and sent it to the Senate. There was an overview of the bill in the Senate Federal and State Affairs Committee. No additional hearings are set for this topic.

## **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. Expect more activity in developing the next fiscal year budget in the next two weeks.

## **Next Week**

Below is a link to the calendars for next week:

[http://www.kslegislature.org/li/b2021\\_22/chamber/calendars/](http://www.kslegislature.org/li/b2021_22/chamber/calendars/)

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