



LEGISLATIVE REPORT

KEDA

MARCH 4, 2021

OVERVIEW

The 2021 Legislative Session has officially reached its halfway point, known as turnaround. Most bills, save for ones in the budget, tax or federal and states affairs committees, must be passed by their house of origin by turnaround to remain active this session. Though over 700 bills have been introduced, the vast majority will be on hold until next session. The balance of the session will focus on bills with a higher degree of momentum.

This week was dedicated to consideration of bills by the full House or Senate. Many of the bills were non-controversial or technical in nature, while others spurred multi-hour debates. Bills dealing with education policy, sports wagering and business incentives were debated while other policy issues, including medical marijuana, could possibly come later this month.

Legislators will return on Wednesday, igniting a short two and a half weeks for committees to consider bills passed by the opposite chamber. The last week of March and first week of April are dedicated to floor debates and conference committees, aimed at wrapping up the session's business.

It was also a very good week for economic development issues!

Rural Housing Incentive District

SB90 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 Senate this week by a vote of 33-6.

Star Bonds Bill

SB124 has been passed out of the Senate by a vote of 24-11. 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.

KIT and KIR HPIP Decoupling

HB2097 has been passed out of the House this week by a vote of 124-0. The companion Senate bill, SB65 has also been passed by the Senate. The bill would decouple the requirement of participating in the Kansas industrial training, Kansas industrial retraining in order to receive HPIP credits.

Angel Investor Tax Credit

The House passed HB2045 by a vote of 112-11. 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. There were technical amendments that were requested by the Commerce Department. The Senate version, SB66, has been voted out of the Senate.

HPIP Transfer of Credits Bill

The Kansas Department of Commerce introduced SB91, which would allow for transferability of unused HPIP credits. SB91 was passed by the Senate with a vote of 34-5. The bill 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. The credit also is required to meet requirements of the bill.

Property Tax Bill

SB13 was passed by the House this week by a vote of 120-3. 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.

Unemployment Issues

As the headlines continue to highlight the difficulties of the Kansas Department of Labor and fraudulent unemployment claims to the reported amount of \$290 million, the legislature continues to review options on unemployment. The House passed their version, HB2196 this week. The Senate has not passed their version out of Committee.

Licensure Bill

The Licensure Reciprocity Bill is HB 2066. It was passed by the House this week with a vote of 103-11. 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 Senate version, SB137, was heard in Senate Commerce.

Child Care Tax Credit

SB263 and HB2414 are child care tax credit bills that were introduced February 19 and February 22 respectively. Under current law, only corporate taxpayers can claim the 50.0 percent child day care assistance tax credit if they provide facilities and necessary equipment for a child day care services in the initial year and could claim the 30.0 percent tax credit if they provide these services in future years or if the taxpayer pays for or locates child day care services for their employees. 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. The bills were sent to the Tax Committees and hearings have not been held.

University Engineering Initiative Act

The University Engineering Initiative Act (UEIA) that will sunset in 2021 has been passed by the House. The program is administered by the Kansas Department of Commerce and Board of the Regents, the program 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.

Rural Opportunity Zones

SB216 and SB217 were introduced last week. SB216 would extend the eligible time period for rural opportunity zones loan repayment program and income tax credit and SB217 would add eight additional counties to the rural opportunity zone list. Both were sent to Senate Assessment and Taxation.

Governor's ERO 48

Governor Kelly's ERO 48 is waiting action of the legislature. 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.

R&D Bill

HB2394 would increase the amount of the research and development tax credit, expanding eligibility beyond corporate taxpayers and permitting transfer of the credit. The bill has not had a hearing in the House Taxation Committee.

Liability Protection for Work Based Learning

HB2351 will be heard by House Commerce Committee next week. The bill would provide liability protection for businesses, municipalities and educational institutions that participate in high school work-based learning programs and providing that schools are responsible for injuries to students participating in such programs.

Marketplace Facilitator Bill

Both SB50 and HB2173 are marketplace facilitator bills. SB50 was passed out of the Senate Taxation Committee with 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.

Links to House and Senate Calendars

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

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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