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Turnaround Legislative Report, February 28, 2019

The Kansas Legislature officially adjourned today, completing the first half of the 2018 Legislative Session.

After committees finished their business on Monday, both the House and Senate debated and passed over 60 bills on Tuesday and Wednesday before the Turnaround deadline. Over a dozen bills were “blessed” yesterday and more this morning, ones that lawmakers didn’t have time to consider, but still want kept alive. All other non-exempt bills that did not pass out of their House of Origin by yesterday, are now considered dead for this year.

The Legislature is now enjoying a week break and will return to work on Wednesday, March 6. With Medicaid expansion and school finance issues still essentially untouched, some are predicting another long and contentious spring.

Below is a rundown of where the key bills that we’re tracking stand at the half.

Taxes

Mega “Windfall” Bill

The House Tax Committee passed [Senate Bill 22](#) on Monday, but not before making changes advocates hope will entice the Governor to sign the bill. The original bill decouples Kansas from the Federal Tax Cuts and Jobs Act on a number of corporate provisions dealing with foreign income, as well as allowing individual taxpayers to itemize on their state tax return regardless of whether or not they itemize on the federal level. Because the federal standard deduction was raised significantly in the federal reform, this change lets Kansans that meet the lower state threshold continue to itemize.

The committee inserted the contents of [House Bill 2261](#), which reduces the state sales tax on food by 1 percent to 5.5 percent. That provision is expected to cost \$60 million to the state. The second amendment was to add the contents of [House Bill 2352](#), which requires internet retailers and marketplace facilitators, like Amazon and eBay, to collect and remit tax on any sales made in Kansas. It does not include the sale of digital goods and has a \$100,000 minimum threshold. This provision is expected to bring in \$32.6 million to the state. Both of the additional bills go into effect on October 1 of this year. SB 22 will be debated by the full House after the Turnaround break.

Taxpayer Protection Act

[Senate Bill 104](#) creates the Kansas Taxpayer Protection Act. The bill would require a paid tax return preparer to sign and include their federal Internal Revenue Service Preparer Identification Number on each return beginning in tax year 2020. Any preparer that fails to sign the return or provide their tax ID number would be liable for a \$50 civil penalty to the Kansas Department of Revenue, not to exceed \$25,000 per year. The bill has received a hearing in the Senate Tax Committee and is expected to be worked after Turnaround.

Aviation Tax Credit

[House Bill 2118](#) would allow a 5 percent income tax credit for aerospace and aviation program graduates and their employees beginning in tax year 2020. The tax credit could be claimed for up to four years if the employee remains employed with the qualified employer. The bill was blessed on Wednesday and will remain on the House calendar for consideration after Turnaround.

Disabled Employment Tax Credit

[House Bill 2044](#) would provide a five-year income tax credit for 15 percent of expenditures on goods and services purchased from qualified vendors or non-profit certified businesses that provide health insurance benefits and have at least 30 percent disabled employees. The credit available to the taxpayer would not be more than \$500,000 per vendor per tax year, and the total amount of cumulative credits allowed would be capped at \$5 million over 5 years. The tax credits are nonrefundable, but can be carried forward for up to four years. The bill was on the Senate consent calendar this week and approved 37-1 on Wednesday. It has already passed the House, so the bill heads to the Governor's desk for her signature into law.

Enterprise Zone Tax Exemption

[House Bill 2131](#) would reinstate the Enterprise Zone sales tax exemption that expired in 2011. The program provides a sales tax exemption for construction and certain purchases in a business expansion project. Manufacturing business must create at least two jobs, nonmanufacturing businesses would be required to create at least five jobs, and retail businesses would be required to create at least two jobs, all located in a city with a population of 2,500 or less or in a county with a population of 10,000 or less. The bill was blessed on Thursday. It has already had a hearing in the Rural Revitalization Committee and is expected to be worked after Turnaround.

Rural Opportunity Zone Extension

[Senate Bill 125](#) would amend Kansas law concerning the Rural Opportunity Zones (ROZ) Program that offers individuals who relocate to a designated county the opportunity to participate in a Student Loan Forgiveness Program and receive a 100 percent state income tax credit through tax year 2021. SB 125 would extend the sunset for the student loan forgiveness program and income tax credit to tax year 2026. An exempt bill, SB 125 is expected to be worked in the Senate Tax Committee after Turnaround.

Energy/Telecomm

Utility Study

[Senate Bill 69](#) requires the Legislative Coordinating Council (LCC) to authorize a study of retail rates of Kansas electric public utilities and require the Kansas Corporation Commission (KCC) to evaluate competitiveness of any proposed electric rate with

surrounding states. The \$1 million cost of the study would be the responsibility of the KCC, and a report is due to the Legislature by December 31, 2019. The exempt bill was heard in the Senate Utilities Committee with strong opposition. Stakeholders were advised by lawmakers to work on compromise language. Negotiations are still underway.

[House Bill 2178](#) amends mandatory marking requirements under the Kansas Underground Utility Damage Prevention Act. The bill clarifies the definition of “operator” and assigns responsibility only for the underground utility lines they own. The House approved the bill 122-0 on Wednesday, and the bill has been referred to the Senate Judiciary Committee for a hearing after Turnaround.

Energy Fairness Act

[Senate Bill 124](#) would prohibit the Kansas Corporation Commission from certain charges for electric service. Specifically, any utility providing electrical service in Kansas can't base rates on different energy usage patterns of a distributed generation retail customer. The exempt bill has been heard in the Senate Utilities Committee and awaits possible consideration after Turnaround.

Wireless Franchise Agreements

[Senate Bill 68](#) would prohibit a city from requiring a wireless services or infrastructure provider to enter into a franchise agreement for the provision of wireless services. It does allow a city to govern a wireless services or infrastructure provider's use of the public right-of-way by requiring a small cell facility deployment agreement or a master license agreement, or through permitting requirements, municipal ordinances or codes, consistent with federal and state law. The Senate approved the bill 40-0 on Wednesday and it now heads over to the House.

Economic Development

Transparency Database

[House Bill 2006](#) requires the Kansas Department of Commerce to collect data and disclose on a public database information regarding state economic development initiative programs. Recipients of \$50,000 or more annually from programs such as the Sales Tax as Revenue (STAR) Bonds, High-Performance Incentive Program (HPIP), Promoting Employment Across Kansas (PEAK) program, Rural Opportunity Zones (ROZ), Angel Investor Tax Credit, and the Job Creation Fund, would be listed online. The House approved the bill 122-0 on Wednesday and has been referred to the Senate Commerce Committee for a hearing after Turnaround.

Periodic Program Review

[House Bill 2043](#), based on recommendations from PEW Charitable Trusts, would set up a periodic review schedule for certain tax credits, incentives, and sales tax exemptions under the Departments of Commerce, Revenue and Insurance. Each review would provide a description, history and goals, assessment of the design and administration, and an estimate of the economic and fiscal impact. The exempt bill has passed the House Tax Committee and remains on the House calendar for possible consideration after Turnaround.

Gaming

[House Bill 2280](#) would amend the Kansas Lottery Act to clearly define how income from electronic gaming machines at the Woodlands Racetrack in Wyandotte County will be allocated. On Monday, the chairman of the House Commerce Committee referred the bill to

the Judiciary Committee for further clarification on liability and legal concerns for the state. The bill was not blessed before Turnaround, so it appears dead for this year. [House Bill 2068](#) and [Senate Bill 2032](#) are still alive in the Federal and State Affairs Committees and would implement sports wagering in Kansas. Several informational hearings and discussions amongst stakeholders have been held this session. Movement is expected after Turnaround.

Healthcare

Corporate Practice of Medicine

[House Bill 2146](#) would allow certain businesses to hire on-site physicians to provide care for their employees. It's a controversial battle between businesses and insurance companies versus physicians. The bill was heard in the House Health Committee and is being blessed by Leadership. The committee chair has advised interested parties to put forth good faith efforts toward a compromise and report back next month.

Advanced Practice Nursing

[House Bill 2066](#) would no longer require Advanced Practice Registered Nurses (APRNs) to establish a collaborative agreement with a responsible physician or have physician oversight of APRN practices. The bill has been heard in the House Health and Human Services Committee and was blessed on Wednesday. It's expected to be worked after Turnaround.

Pharmacist Drug Administration

[House Bill 2082](#) authorizes a licensed pharmacist to administer a drug by injection to a patient with a prescription order, unless the prescription specifically prohibits such administration. The bill passed the House Health and Human Services Committee and blessed on Thursday. It will remain on the House calendar for consideration after Turnaround.

Human Resources

Gender Discrimination

[House Bill 2130](#) would amend the Kansas Act Against Discrimination to include sexual orientation or gender identity or expression. While Governor Kelly issued an executive order early in the session prohibiting gender identity discrimination within her administration, these bills would extend to private employers in Kansas. The exempt bill has not yet had a hearing.

Paid Leave

[House Bill 2186](#) would granting employees who earn sick leave the right to use it to care for their family members did not advance out of committee this year and as a nonexempt bill died at Turnaround. The bill was opposed by the human resource community who feared its passage might actually result in employers not offering paid sick leave. In addition, the definitions of family leave was not consistent with the existing FMLA language and would create unnecessary inconsistency in the eligibility for and administration of employer offered benefits.

Insurance

Kansas Farm Bureau Health Benefit

[Senate Bill 32](#) adds the Kansas Farm Bureau to the list of entities in current statute that can provide a health plan not subject to the jurisdiction of the Kansas Department of Insurance.

It would allow the nonprofit agricultural organization to provide healthcare benefit coverage – not to be considered insurance – to its members with no pre-existing conditions. The bill has already passed the Senate and has a scheduled hearing in the House Insurance Committee on Wednesday, March 6.

Association Health Plans

[HB 2054](#) is a bundle of several individual association health plan (AHP) bills that would amend several health insurance provisions in the Insurance Code related to the regulation of AHPs and small employer plans. The bill removes a membership limitation placed on AHPs that requires the association have at least 25 members, employees, or employees of members to be offered group accident and health insurance coverage. It also includes the contents of House Bills [2055](#), [2056](#), and [2058](#). HB 2054 was blessed on Wednesday and remains on the House calendar for consideration after Turnaround.

Assignment of Benefits

[Senate Bill 78](#) would create law within the Kansas Consumer Protection Act regarding a post-loss assignment of rights or benefits to a residential contractor, as defined in the bill, under a property and casualty insurance policy insuring residential real estate. One amendment was made on the Senate floor to adjust the definition of “residential real estate” before it passed by a vote of 38-1. It now heads over to the House.

High School Internships

[House Bill 2354](#) aims at addressing the liability concerns regarding high school apprenticeships and on-the job training programs. The bill would broaden the concept of school sponsored activity, as it pertains to insurance coverage, to include secondary students’ participation in an employer’s “work-based learning program,” as that term would be defined by the bill. Advocates argue if passed the bill will encourage more employers to offer internships to high school student. The bill passed out of the House Commerce Committee and was blessed by leadership. We expect the bill to be worked after Turnaround.

Local Government

Abandoned Housing

[House Bill 2314](#) would revise provisions of law pertaining to the authority of cities and nonprofit organizations to petition the district court to possess abandoned property temporarily for rehabilitation purposes. The House Commerce Committee has heard and passed the bill. It was blessed yesterday and will remain on the House calendar for consideration after Turnaround.

Political Signs

[House Bill 2135](#) would repeal law that prohibits any city or county from regulating or forbidding the placement or number of political signs on private property or the unpaved right-of-way for city streets or county roads on private property during the 45 days preceding and the 2 days following any election. The House Committee on Local Government has heard and passed the bill. Leadership blessed the bill yesterday and requested additional negotiations take place before they will run the bill after Turnaround.

Real Estate

Broker Licensing Provisions

[Senate Bill 60](#) amends several education and experience requirements for real estate agents and brokers. It also adjusts late fees on license renewals. The Senate passed the bill on Wednesday by a vote of 40-0. It now heads over to the House.

Home Inspector Licensing

[Senate Bill 168](#) would establish a new state agency, the Kansas Home Inspectors Licensing Board, to license and regulate home inspectors. The proposal was introduced by the Kansas Association of Realtors in an effort to ensure professional competency and establish a viable home inspection industry in the Kansas. The bill includes a maximum license fee of \$200. The Senate Commerce Committee has heard the bill and it was blessed on Monday it is expected to be worked after Turnaround. It is likely the committee will look at a registration for home inspectors instead of full licensure similar to the roofers registration.

Travel and Tourism

Cabin Fees

[Senate Bill 49](#) authorizes the Kansas Department of Wildlife, Parks and Tourism (KDWPT) to establish fees for cabins operated by the KDWPT and camping permits at state parks. It was reported by the department that the bill would increase both use of cabins and camp sites and revenue as it would provide flexibility to increase fees during busy times (holiday weekends and special events) and to decrease fees during low demand times. The Senate approved the bill 29-11 on Wednesday. It now heads over to the House.

Farm Wineries

[House Bill 2223](#) would allow the sale of wine manufactured by the licensees to holders of producer permits. Current law allows a person engaged in business as a vineyard with not less than 100 vines to apply to the Director of the Division of Alcoholic Beverage Control (ABC) for an annual vineyard permit. This bill would amend that law to include producers of other specified types of agricultural products and allow them to be issued up to two annual producer permits rather than vineyard permits. The House approved the bill on Wednesday 124-0. It now heads over to the Senate.

Deer Permits

[House Bill 2167](#) authorizes the transfer of regular landowner or tenant "hunt-on-your-own-land" big game permits from the original recipient to a nonresident. The controversial bill narrowly passed the House by a vote of 63-60 on Wednesday and has been referred to the Senate Commerce Committee for a hearing after Turnaround.

State Fair Nonprofit

[House Bill 2215](#) would authorize the Kansas State Fair Board to create a nonprofit corporation for the purpose of receiving gifts, donations and grants and engage in fundraising projects for the benefit of the Kansas State Fair. The bill was on the House consent calendar and approved 122-0 on Tuesday. It has now been referred to the Senate Agriculture Committee.

State Wine Grapes

[Senate Bill 53](#) designates the official Kansas red wine grape as chambourcin, and the official Kansas white wine grape as vigneoles. The bill was on the Senate consent calendar and passed 40-0. It now heads over to the House.

Agriculture

Remediation Reimbursement Program

[House Bill 2001](#) extends the sunset of the Kansas agricultural remediation reimbursement program and adjusts fees according to industry segments receiving the most benefit. The Senate approved the bill on Wednesday 40-0. It already passed the House earlier in the session, so the bill now heads to the Governor's desk for signature into law.

Industrial Hemp

[House Bill 2173](#) establishes the procedures to be used by the Kansas Department of Agriculture (KDA), in consultation with the Governor and the Attorney General, in submitting a plan to the U.S. Department of Agriculture under which the KDA would monitor and regulate the commercial production of industrial hemp. The bill was blessed yesterday and remains on the House calendar for consideration after Turnaround.

KDHE Spill Program

[Senate Bill 153](#) was proposed by the Kansas Department of Health and Environment to make several changes to their spill reporting requirements in the event of a water or soil pollutant release. Due to industry concern over several provisions in the bill, it was not worked in time and is dead for this year.

Miscellaneous

State Use Law

[House Bill 2174](#) would extend the sunset date for the State Use Law Committee within the Department of Administration for five years through July 1, 2024. The Kansas State Use Law encourages state and local units of government to purchase goods and services from qualified vendors who ensure minimum numbers of disabled persons are employed. The House approved the bill on Wednesday 123-0 and has been referred to the Senate Commerce Committee for a hearing.

Credit Union Statutes

[House Bill 2101](#) updates and modernizes the state's credit union statutes and brings Kansas law up-to-date to continue to protect the locally operated, not-for-profit structure of credit unions. The House approved the bill 116-1 last Friday, and it's been referred to the Senate Financial Institutions and Pensions Committee for a hearing after Turnaround.

Scrap Metal Database

[Senate Bill 219](#) was introduced yesterday to fund a statewide scrap metal database within the Attorney General's office, that was signed into law in 2015 through the Scrap Metal Theft Reduction Act. The bill includes a reduction in the registration fee for scrap metal dealers, moves the database to the Kansas Bureau of Investigation's purview, and adds a tonnage excise tax on scrap metal. The exempt bill has been referred to the Senate Judiciary Committee and is expected to be heard after Turnaround.