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March 29, 2019 Legislative Update

It was a short and somewhat uneventful week in the Kansas Legislature. Yesterday was the last day for all non-exempt or “blessed” bills to be considered in either chamber, so the House and Senate spent Monday through Wednesday on the floor debating and passing dozens of bills. Essentially no committees met this week, and the Legislature is not in session tomorrow or Friday.

Conference Committees are scheduled to begin meeting on Monday, while the House and Senate continue on general orders throughout next week. First adjournment is scheduled for April 5, with Veto Session beginning on May 1.

Governor Vetoes Tax Bill

As expected by most, Governor Kelly officially vetoed [Senate Bill 22](#) on Monday. The Senate is scheduled to vote on an override next Monday, and the House shortly after. It will not be an easy feat getting a two-thirds majority in both chambers – 27 votes in the Senate and 84 in the House – to overturn [her veto](#).

SB 22 prevents Kansas corporations and individuals from an unexpected tax increase as a result of federal tax policy adopted in 2017. The bill ensures Kansas’ multi-national corporations are not newly taxed on their foreign earnings, which is valued at around \$136 million. It also allows Kansans the option to itemize on their state tax returns at the lower threshold before it was increased on the federal level, a provision valued at around \$50 million.

In an attempt to make the measure more appealing to the Governor, the bill was amended during the committee process to include a one-cent reduction in the food sales tax, something that Kelly prioritized during her campaign. A provision to level the tax playing field for all online retailers was also added.

However, while Kansas’ budget is beginning to recover from years of income tax reductions and increased state spending, some lawmakers have been eyeing this new tax revenue as a way to continue to pad the state coffers for other government programs and services.

House Passes Partial School Finance Plan

The House debated and narrowly approved [Senate Bill 16](#) on Tuesday by a vote of 63-61. The bill addresses K-12 policy but does not include the inflationary increases in

appropriation required by the Kansas Supreme Court. Those budget provisions are in another bill, [House Bill 2395](#), which was not considered by the House this week. SB 16 includes several controversial provisions that place accountability and reporting requirements on local school districts, as well as spending directives specifically toward the 25 percent of underachieving students in the state.

The Senate has already passed their \$92 million school funding bill, which the Governor proposed in her budget and supports. A House-Senate conference committee will most likely address K-12 spending next week.

Senate Confirmations

The Senate confirmed on Tuesday 38-1 the Governor's appointments of **Mark Burghardt as Kansas Secretary of Revenue** and **Julie Lorenz as Kansas Secretary of Transportation**. Both Burghardt and Lorenz are agency veterans also with private service experience. Burghardt served as the department of revenue's first severance tax attorney and general counsel; and Lorenz led the transportation department's development of the TWORKS program nearly ten years ago.

After a contentious confirmation hearing in the Senate Commerce Committee, **Acting Department of Commerce Secretary David Toland's** confirmation is uncertain. The Commerce Committee recommended that the full Senate not approve the confirmation and not consent to the appointment. The confirmation will be taken up by the Senate in the next few weeks.

Budget Update

Initial budget negotiations between the House and Senate began this week. Historically, the Legislature had voted on a budget bill before first adjournment. In recent years, this process has started later in the legislative session, after first adjournment and the April Consensus Revenue numbers had been released. When budget talks all delayed, all other legislative work is pushed back as well. Based on initial discussions, it is possible that budget negotiators could have a bill for legislators to vote on next week, however, there are still many unresolved issues.

Both the House and Senate have passed initial budgets. There are 136 budget items that are different between the two versions. Negotiations have reached agreement on 40 of these, but there are still 96 items that involve millions of dollars. Many of the agreed to items thus far have involved little to no money.

The budget for K-12 education has not yet been agreed to, neither has the budget for the state universities. The K-12 budget is in the billions, it's possible that will be set aside these funding discussions until the end of the session.

In addition, there are millions of dollars in social service program budgets to be agreed to, salaries for state employees and at minimum, \$6 million in transportation funding that needs to be negotiated.

House and Senate negotiators will start again on Tuesday. There will be much of back and forth on these budget items. If they finish with this budget bill, it will help set the tone for the rest of the session.

Other Bills Advanced This Week

The following bills on which we've previously reported received House or Senate approval this week:

Association Health Plans: The House passed [House Bill 2054](#) with no amendments by a vote of 101-23.

Utility Rate Study: The House passed [Substitute for Senate Bill 69](#) with no amendments by a vote of 117-7, and the Senate concurred with a vote of 37-1. The bill now heads to the Governor's desk.

Transportation Funding: Both the House and Senate advanced their own sets of three bills that 1) increase oversize and overweight vehicle permits; 2) increase registration fees on electric and hybrid vehicles; and 3) allow for new toll projects.

Commercial Hemp Program: The House passed [House Bill 2173](#) with no amendments by a vote of 119-5. The Senate amended and passed [Senate Substitute for House Bill 2167](#) by a vote of 39-0.

Scrap Metal Theft Database: The Senate amended and passed [Substitute for Senate Bill 219](#) by a vote of 35-4.

Corporate Practice of Medicine/Healthcare: The House passed [House Bill 2402](#) with no amendments by a vote of 106-18.

Aviation Tax Credit: The House amended and passed [House Bill 2118](#) by a vote of 106-18.

Taxpayer Protection Act: The Senate amended and passed [Senate Bill 104](#) by a vote of 39-0. The amendments include small business expensing and a golden year's property tax reduction.

Assignment of Insurance Benefits: The House passed [Senate Bill 78](#) with as amended by the committee and passed by a vote of 123-1.

Telecommunication Franchise Contracts: The House passed [Senate Bill 68](#) with no amendments by a vote of 112-12.

AO-K to Work Program: The House passed [SB 199](#) with no amendments 124-0. Since the bill was not amended in the House, it will go to the Governor for her consideration.

CBD Treatment for Medical Conditions: The House passed [HB 2244](#) on a vote of 89-35. The topic can be considered in a House and Senate Conference Committee.

Several bills did not advance before the deadline on Wednesday.

Economic Development; Requiring the department of commerce to create a database of economic development incentive program information. [HB 2006](#) has passed the House and

the Senate Committee but did not pass the full Senate. The topic can still be considered in a House and Senate Conference Committee.

Apprenticeship liability: Resolving liability concerns regarding high school apprenticeships and on-the-job training programs. [HB 2354](#) was passed by the House Commerce Committee but did not pass the full House. Since the bill did not advance, it will be carried over to next legislative session.