



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | MARCH 29, 2019

As expected, Gov. Kelly's first veto was SB 22, which would decouple Kansas income tax from the federal income tax code, resulting in an estimated reduction of state revenue by \$550 million in a three-year period. SB 22 did not pass either chamber with enough votes to override the Governor's veto. In her veto message, Gov. Kelly stated, "[SB 22] would throw our state once again into a self-inflicted budget crisis, diminishing all the investments we've worked so hard to rebuild and restore." Republican leaders said the bill would have prevented unintended tax increases on businesses and individuals.

Both chambers had three days to complete their work before the March 27 deadline to consider non-exempt bills not in the originating chamber. On Monday, the House of Representatives scheduled 37 bills for debate but did not finish all of them due to political reasons, plus running into their self-imposed midnight deadline to end debate. House leadership members could not muster enough votes for their school finance bill, which funded only two years of the four recommended by the Supreme Court. Gov. Kelly recommended and the Senate approved four years of funding for school finance in an effort to comply with the Kansas Supreme Court guidelines expressed in the school-finance litigation commonly referred to as Gannon. School finance will be negotiated in a House-Senate conference committee next week.

On Monday, the House of Representatives passed its budget plan that includes \$50 million for the Kansas Department for Aging and Disability Services to enhance services for the elderly, disabled, and foster care, along with a 2.5% pay increase for state employees. The conference committee on the mega-budget that will be used as the base budget met twice on Wednesday and will meet again next Tuesday. There were more than 130 conference able differences between the House and Senate versions of the budget. At the first meeting, the Senate acceded to 23 House positions. During the second meeting, the House accepted the Senate offer, then acceded to 21 positions taken by the Senate. As more challenging differences arise, further progress may be slower. Importantly, however, the budget compromise process is underway.

Both Houses passed industrial hemp bills by wide margins. On Wednesday, the Senate passed legislation sought by law enforcement and utility companies compelling scrap-yard dealers to share information with the KBI database about individuals selling steel, copper, aluminum, and other metals. The Senate approved freezing property taxes for elderly Kansans who have a household income less than \$50,000 and own a residence valued at less than \$350,000.

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The Legislature is on a four-day weekend. After April 5 ("Drop-Dead Day"), the Legislature is adjourned until May 1. Next week will be devoted to conference committees trying to iron out differences between the House and Senate versions of various bills.

CORPORATE PRACTICE UPDATE

A new "corporate practice of medicine" bill emerged last week. Stakeholder negotiations have been difficult, but a compromise was orchestrated by House Health and Human Services Chair Brenda Landwehr. On Tuesday, the compromise, HB 2402, passed on the House floor after a short debate and on Wednesday, the final action vote was 106 to 18.

BILL INTRODUCTIONS, ETC.

TAXATION

HB 2118 – As amended, would create two new income tax credits for graduates of certain aerospace and aviation-education programs and their employers for tax years 2020 through 2024. The bill was passed on March 27 on final action; Yea: 106, Nay, 18. It has been introduced as amended to the House Committee of the Whole.

SB 104 – As amended, would create the Kansas Taxpayer Protection Act. The bill would require paid tax-return preparers to sign any income tax-return prepared by or substantially prepared by the preparer and to include the preparer's federal preparer tax-identification number on any such return. Any failure to do so would subject the preparer to a civil penalty of \$50 per return, with a maximum of \$25,000 in civil penalties per preparer per year. The bill would not apply to CPAs who are otherwise regulated. The bill was passed on March 27 on emergency final action; Yea: 39, Nay, 0. It has been introduced as amended to the Senate Committee of the Whole.

HB 2380 – As amended, would make a number of changes relating to procedures undertaken by the Kansas Department of Revenue (KDOR) when seeking collection of delinquent taxes. Basically, the bill introduced at KDOR's request will speed and streamline the tax collection process. The Committee has recommended the bill be passed as amended by the House Committee on Taxation, Rep. Steven Johnson, Chair.

HB 2388 – As amended, would allow Kansas income taxpayers to carry forward net operating losses for 20 years, beginning with such losses incurred in tax year 2018. Current law provides for net operating losses to be carried forward for 10 years. The bill was introduced by the House Committee on Taxation at the request of Sprint. The Committee has recommended the bill be passed as amended by the House Committee on Taxation, Rep. Steven Johnson, Chair.

COURTS, LAWS, AND REGULATIONS

Senate Sub. For HB 2214 – Would add vehicle registration fees of \$100 for all-electric vehicles and \$50 for motor vehicles that are conventional electric hybrid and plug-in electric hybrid vehicles. The new fees would be effective on and after January 1, 2020. The substitute bill was passed on March 26; Yea: 36, Nay: 3.

HB 2038 – Amending the probate code and originally reported on in our Jan. 25 issue, this bill passed the House on Feb. 7 with a vote of Yea: 114, Nay: 5. It was referred to the Senate and passed on March 27; Yea: 38, Nay 1. It is expected to become law.

INSURANCE

SB 67 – As amended, would establish the Unclaimed Life Insurance Benefits Act and would amend the unfair trade practices law relating to the refusal to insure or limiting of life insurance coverage to certain individuals. The bill was passed on March 27 on final action; Yea: 124, Nay, 0. The bill was nonconcurrent with amendments, and a Conference Committee has been requested.

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ALCOHOLIC BEVERAGES

SB 70 – As amended, would amend and consolidate laws concerning temporary permits to serve liquor for consumption on premises and would codify several Kansas Alcoholic Beverage Control Division (ABC) rules and regulations into statute. The bill was passed on March 27 on final action; Yea: 119, Nay, 5. The bill was nonconcurrent with amendments, and a Conference Committee has been requested.

HEALTHCARE

SB 99 – Creates and amends law relating to emergency medical services and licensure by the Emergency Medical Services Board, including establishing background check and fingerprinting requirements. Technical changes have been made. The bill passed the Senate on a March 13 final action vote; Yea: 36, Nay: 2. The bill was then introduced in the House and referred to the Committee on Federal and State Affairs, Rep. John Barker, Chair. The Committee made an amendment to make the law effective upon publication in the Kansas Register and then recommended the passage of the bill as amended.

SB 232 – Originally reported on in our March 22 issue, the Senate Committee of the Whole passed the bill as amended on March 27; Yea: 39, Nay: 0.

SB 194 – Originally reported on in our Feb. 22 issue, the Senate Committee on Public Health and Welfare referred the bill to the Senate Committee of the Whole on March 21. On March 25, the bill was passed over by the Senate but retained a place on the calendar.

HB 2412 – As reported on in our March 22 issue, HB 2066 has become a Medicaid expansion measure as opposed to being related to the practice of nurse practitioners. This bill is largely similar to HB 2066, which was addressed in our Feb. 1, March 1, and March 15 issues. It has been referred to the House Committee on Health and Human Services, Rep. Brenda Landwehr, Chair.

HB 2185 – Previously reported on in our March 1 and March 22 issues, this bill, relating to the Naturopathic Doctor Licensure Act and the Radiologic Technologists Practice Act, was passed over and retained on the calendar by the Senate Committee of the Whole on March 26.

Kansas Legislative Insights is a publication developed by the Governmental Relations & Public Policy Law practice group of Foulston Siefkin LLP. It is designed to inform business executives, human resources and governmental relations professionals, and general counsel about current developments occurring in current Kansas legislation. Published regularly during the Kansas legislative session, it focuses on issues involving health care, insurance, public finance, taxation, financial institutions, business & economic development, energy, real estate & construction, environmental, agribusiness, employment, and workers compensation. Bill summaries are by necessity brief, however, for additional information on any issue before the Kansas Legislature, contact Foulston Siefkin's Governmental Relations & Public Policy Law practice group leader, James P. Rankin at 785.233.3600 or jrankin@foulston.com.

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PRACTICE AREAS

- Governmental Affairs & Public Policy Law