



## KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | DECEMBER 13, 2019

### 2020 SESSION

The next session of the Legislature is rapidly approaching. It opens on Monday, January 13, 2020. The agenda will be full of a diverse range of issues from child welfare reform, corrections, education funding, Medicaid expansion, medical marijuana, state transportation plan, potential constitutional amendments, and tax policy, to name only a few. The 2020 Legislature will have the added dynamic of election year politics with both the Kansas House and Senate up for re-election. Several House members have already announced their intention to run against their incumbent Senator.

### CREG REVISES REVENUE ESTIMATE

On November 7, the Consensus Revenue Estimating Group (CREG) revised the revenue estimate for the remainder of fiscal year 2020 upward by more than \$200 million. This projection would mean an ending balance for the current year of slightly more than 12% of state fiscal year expenditures and demand transfers. In addition, CREG projected a 9% ending balance for fiscal year 2021 starting on July 1, 2020. Both numbers are well above the required, but often ignored, 7.5% ending balance law passed in 1990. Veteran legislators serving on either House Appropriations or Senate Ways and Means Committees know that when funds are limited or need to be reduced, many state funded entities will not seek additional funding. However, when a surplus appears, legislators expect the inevitable increase in requests for new spending or restoring funding previously cut. For example, the state transportation plan funding has been delayed or reduced to balance the budget in recent years. On the tax side, Republican leaders are calling for reductions in the sales tax on food, allowing individuals to itemize and reducing taxes on corporations. The Tax Committees will again be busy debating these issues.

### GOVERNOR'S COUNCIL ON TAX REFORM

In early December, Governor Kelly's Council on Tax Reform met and made several recommendations to the Legislature. One recommendation was a proposed adjustment to state law compelling marketplace facilitators to mandate collection and payment to the state for sales tax on third party transactions. According to the Kansas Department of Revenue, Kansas is one of only five states without this provision in their retail sales tax statute. Currently some companies are voluntarily collecting and remitting sales tax. If passed, such a law would generate

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an additional \$32 million in tax revenue from internet sales by out-of-state businesses.

The Council also recommended imposition of a sales tax on digital products ranging from books to cloud-based applications, magazines, video games, and other items. The Kansas Department of Revenue (KDOR) pointed out that 29 of the 45 states with a retail sales tax include digital products. According to KDOR, it is estimated to generate \$30 million in tax revenue. Imposing internet sales tax is good tax policy. Not only is revenue raised, but fairness and tax equity are achieved with respect to Kansas-based brick-and-mortar stores.

The Council supported the re-establishment of a food sales tax rebate program for low- and moderate-income Kansans that was deleted during the administration of Governor Sam Brownback.

## NEW FACES AT THE STATEHOUSE

In July, Republican State Representative Larry Hubbard, Toronto, announced his retirement from representing House District 13 because of health issues. Rep. Hubbard served in the Kansas House of Representatives for seven years. On July 27, House District 13 Republican precinct committeemen and committeewomen met to select his successor. Nedesha farmer/rancher Joe Newland was elected over Yates Center Mayor Benjamin Weber 61-20. Newland is a district director for the Kansas Farm Bureau.

The election of State Representative Brandon Whipple as the Mayor-elect of Wichita created another statehouse change in House District 96. In early December, Wichita Democratic precinct committeemen and committeewomen elected Stephanie Yeager to replace Whipple when the Legislature convenes in January.

## KSOS FILINGS

The Kansas Secretary of State continues to see a few 2020 primary election candidate filings for the Kansas Legislature. Currently, 15 State Senators have filed for re-election. There have still not been any major candidates file for the U.S. Senate seat nor the Congressional delegation. After Kansas Day, the number of filings will steadily increase.

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**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](mailto:jrankin@foulston.com).

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As a partner at Foulston Siefkin, Jim's practice focuses on employee benefits law relating to public, private, governmental, and tax-exempt organizations. A large part of his work involves insurance regulatory and compliance issues in many industries, including healthcare. Jim has been selected by his peers for inclusion in The Best Lawyers in America® and the Missouri & Kansas Super Lawyers® list. He is the firm's representative with State Law Resources, Inc., a national network of independent law firms selected for their expertise in administrative, regulatory, and government relations at the state and federal level.

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