



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | FEBRUARY 3, 2023

LEGISLATIVE WEEK FOUR

This week was highlighted by positive economic news and increased committee activity. The Department of Revenue announced January revenue was \$1.04 billion. This is \$55 million above the Consensus Revenue Estimating Group's estimates, or 5.6% over the projections. The week ended with Gov. Laura Kelly announcing a mega economic development project. On Thursday, the Senate debated the 2023-24 Joint House-Senate rules in HRC 5002. The joint rules passed 34-4. A group of House Republicans introduced a bill implementing term limits. The House Tax Committee held a hearing on the House version of the back-to-school sales tax holiday, which includes computers and clothing.

FISCAL NOTES

With a myriad of spending proposals and tax cuts introduced this session, the importance of the Division of Budget within the Department of Administration becomes vital in preparing the fiscal notes on various bills. Fiscal notes are prepared for bills which have a financial impact on the state. The public is generally not aware of this step in the legislative process unless it makes the news. This week, the fiscal note on the 5% flat tax legislation raised eyebrows with a potential \$1.5 billion price tag by year three. Fiscal analysts said it would cost more than \$3 billion over the first three years. There are numerous additional bills proposing tax cuts or exemptions with fiscal notes.

APEX II- COMPUTER CHIPS

Thursday, the State Finance Council authorized \$304 million in tax incentives for the second largest economic development project in Kansas history. Kansas used the Attracting Powerful Economic Expansion Act (APEX) passed last February. It was successfully used last year to recruit Panasonic. Gov. Kelly announced a \$1.8 billion expansion by Wichita-based Integra Technologies that will add 2,000 new jobs in Wichita. This includes the construction of a one-million square-foot semiconductor chip manufacturing plant in the Wichita area. Senate President Ty Masterson and House Speaker Dan Hawkins said the expansion of the current 100-employee company will have a positive impact on the Kansas economy and attract new families to Kansas.

COMMITTEES

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Tuesday, the House Elections Committee voted to eliminate the three-day grace period for mail ballots postmarked by election day to be counted. The bill sets 7:00 p.m. on election day as a firm deadline for ballots to be received and counted. The vote was largely on political lines with Republicans supporting the 7:00 p.m. deadline. Rep. Brandon Woodard, D-Lenexa, made a clarifying motion that voters also have until 7:00 p.m. to put ballots into voting drop boxes.

Tuesday, the Senate Ways and Means Committee heard State Treasurer Steven Johnson advocate for the transfer of \$1 billion to the state's rainy-day fund, which already has more than a \$1-billion balance. Gov. Kelly's budget proposes half a billion. The State Treasurer stressed this would provide stability, and the interest on \$1 billion would generate \$45 million.

This week, the House Transportation Committee heard startling statistics from the Kansas Highway Patrol about excessive speeding on Kansas highways. According to the KHP, last year a record 3,285 tickets were written for drivers exceeding 100 miles per hour. This number has tripled since 2013. Drivers were clocked going 174 miles per hour in a construction zone and more than 200 miles per hour on the highway. The current fine is now \$195. The bill proposes fines of \$750 for a second offense and \$1,000 for a third conviction within five years of two or more earlier offenses.

Thursday, the House Energy, Utilities, and Telecommunications Committee heard testimony from Justin Grady of the Kansas Corporation Commission Utilities Division. Grady presented a report including new data demonstrating a gradual decline in electric rates over the last six years. The report indicates Kansas was one of the few states in the Midwest to report a decline in average electric rates, according to the Energy Information Administration. Grady suggested the committee study energy consumption and the inverse relationship between residential electric bills and electric consumption. Regardless of the commission's report, the committee chair insisted upon a more thorough understanding of electricity costs in Kansas. Also, an interest group known as Kansans for Lower Electric Rates took issue with Grady's report, arguing there are one- million Evergy electric customers who would disagree with this report. You can access the report [here](#).

The House Local Government Committee heard testimony on a bill prohibiting members of local units of government who have any financial interest in wind or solar farms from voting to approve construction of new facilities. After the hearing, the bill appears unlikely to pass.

Thursday, the Senate Commerce Committee heard SB 91, enacting the Kansas Film and Digital Media Industry Production Development Act, providing a tax credit, sales tax exemption, and loans and grants to incentivize film, video, and digital media production in Kansas. Additionally, the bill would establish a program to be administered by the Secretary of Commerce for the purpose of developing such production in Kansas. This will allow Kansas to be competitive with other states with similar incentives.

DEADLINES LOOMING NEXT WEEK

Monday was the last day for individual legislators to request bill drafts. Monday, Feb. 6, is the last day for non-exempt committees to request bill drafts. Next Friday, Feb. 10, is the last day for introduction of non-exempt committee bills. Turnaround day for consideration of bills by non-exempt committees in the House of Origin is Feb. 24. Next week's legislative calendar will be busy with hearings.

BILL INTRODUCTIONS

COURTS, LAWS, AND REGULATIONS

HB 2016 – As recommended by the House Committee on Judiciary, Rep. Fred Patton, Chair, would amend law regarding the effect of a transfer-on-death deed to real estate when a grantee beneficiary dies prior to the death of the record owner.

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HB 2017 – As recommended by the House Committee on Judiciary, Rep. Fred Patton, Chair, would enact the Uniform Family Law Arbitration Act (UFLAA).

HB 2018 – As recommended by the House Committee on Judiciary, Rep. Fred Patton, Chair, would modify law governing filing and preserving of wills to allow a copy of a decedent's will to be filed and admitted to probate and allow a will or a copy of a will filed within six months of the testator's death to be probated at any time, subject to any other applicable legal defenses to such admission.

HB 2042 – As amended by the House Committee on Commerce, Labor, and Economic Development, Sen. Sean Tarwater, Chair, would add self-storage unit operators to the list of persons who may direct the towing of a vehicle and permit the operators to have motor vehicles, trailers, and watercraft towed when the occupant of the storage space is in default for a period of 45 days.

HB 2125 – As amended by the House Committee on Commerce, Labor, and Economic Development, Rep. Sean Tarwater, Chair, would authorize the Kansas State Board of Cosmetology to create and issue charitable event permits and demonstration permits, require the Board's administrative proceedings to be conducted in accordance with the Kansas Administrative Procedure Act, be reviewable in accordance with the Kansas Judicial Review Act, and allow the Board to issue cease-and-desist orders to persons who are not license holders.

HB 2188 – Would regulate the sale and distribution of Kratom products. Referred to the House Committee on Federal and State Affairs, Rep. Will Carpenter, Chair.

HB 2197 – Would provide procedure for the distribution of the account balance upon the death of an account holder; changing the term "transfer on death" to "payable on death" regarding beneficiaries and would help to resolve conflict when beneficiaries differ on a financial institution's account records and on first-time home buyer savings account tax forms required by the secretary of revenue. Referred to the House Committee on Financial Institutions and Pensions, Rep. Nick Hoheisel, Chair.

HB 2237 – Would authorize certain telecommunications and video service providers to operate in county rights-of-way. Referred to the House Committee on Energy, Utilities, and Telecommunications, Rep. Leo Delperdang, Chair.

HB 2241 – Would increase the amount charged per annum on closed end credit consumer loans. Referred to the House Committee on Financial Institutions and Pensions, Rep. Nick Hoheisel, Chair.

HB 2242 – Would provide restrictions and requirements for certain alternative small installment loans and require lender reporting. Referred to the House Committee on Financial Institutions and Pensions, Rep. Nick Hoheisel, Chair.

SB 104 – Would relate to payments made with credit and debit cards and allow a surcharge for use of credit and debit cards. Referred to the Senate Committee on Financial Institutions and Insurance, Sen. Jeff Longbine, Chair. See also HB 2133.

SB 114 – Would specify terms aimed at separating advanced recycling from the current solid waste management system. Referred to the Senate Committee on Commerce, Sen. Renee Rickson, Chair.

SB 116 – Would standardize firearm safety education training programs in school districts. Referred to the Senate Committee on Federal and State Affairs, Sen. Mike Thompson, Chair.

SB 133 – Would address the subject of philanthropic gifts in relation to judicial enforcement of donor-imposed restrictions on endowment fund or other gifts to charitable organizations and would enact the Donor Intent Protection Act. Referred to the Senate Committee on Federal and State Affairs, Sen. Mike Thompson, Chair.

SB 135 – Would create the Medical Cannabis Regulation Act, among other things, provide for licensure and regulation of the cultivation, processing, distribution, sale, and use of medical cannabis. Referred to the Senate

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Committee on Federal and State Affairs, Sen. Mike Thompson, Chair.

TAXATION

HB 2200 – Would establish a property tax exemption for homestead property of certain retired and disabled veterans. Referred to the House Committee on Taxation, Rep. Adam Smith, Chair.

HB 2201 – Would provide information on prior year tax valuations. Referred to the House Committee on Taxation, Rep. Adam Smith, Chair.

HB 2202 – Would provide for a sales tax exemption for sales of over-the-counter drugs. Referred to the House Committee on Taxation, Rep. Adam Smith, Chair.

HB 2204 – Would establish a refundable family caregivers of disabled veterans tax credit. Referred to the House Committee on Taxation, Rep. Adam Smith, Chair.

HB 2219 – Would allow an itemized deduction for certain wagering losses. Referred to the House Committee on Taxation, Rep. Adam Smith, Chair.

HB 2220 – Would establish a five-year property tax exemption for city, county, and township property used for business incubator purposes. Referred to the House Committee on Taxation, Rep. Adam Smith, Chair.

HB 2232 – Would affect qualifications for designation as a registered mass appraiser and grant authority to the director of property valuation to develop qualifying courses applicable to county appraisers. Referred to the House Committee on Taxation, Rep. Adam Smith, Chair.

HB 2233 – Would eliminate the annual cap on tax credits that may be claimed for the restoration and preservation of certain older commercial structures. Referred to the House Committee on Taxation, Rep. Adam Smith, Chair.

SB 125 – Would allow a carryback on loss from the sale of certain historic hotels. Referred to the Senate Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

SB 126 – Would provide a tax credit for certain residential solar and wind energy property expenditures. Referred to the Senate Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

SB 128 – Would provide an ad astra opportunity tax credit for taxpayers with eligible dependent children not enrolled in public school. Referred to the Senate Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

SB 136 – Would provide a tax credit for the installation of certain water conservation systems in newly constructed houses. Referred to the Senate Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

HEALTHCARE

HB 2257 – Would provide for the licensure and regulation of music therapists and establish the music therapy advisory committee. Referred to the House Committee on Health and Human Services, Rep. Brenda Landwehr, Chair.

HB 2258 – Would prohibit certain licensed individuals from using conversion therapy on minors. Referred to the House Committee on Health and Human Services, Rep. Brenda Landwehr, Chair.

HB 2259 – Would provide that certain medications be available without prior authorization to treat Medicaid patients and abolish the mental health medication advisory committee. Referred to the House Committee on Health and Human Services, Rep. Brenda Landwehr, Chair.

HB 2260 – Would modify rules applicable to medical student loan programs. Referred to the House Committee on Health and Human Services, Rep. Brenda Landwehr, Chair.

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HB 2262 – Would allow an individual to complete six months of an embalmer apprenticeship prior to enrolling in a school of mortuary science. Referred to the House Committee on Health and Human Services, Rep. Brenda Landwehr, Chair.

HB 2263 – Would authorize pharmacy technicians to administer certain vaccines. Referred to the House Committee on Health and Human Services, Rep. Brenda Landwehr, Chair.

HB 2264 – Would enact the No Patient Left Alone Act relating to hospitals, adult care homes, and hospice facilities. The act would require such facilities to allow in-person visitation in certain circumstances and require such facilities to adopt visitation policies and procedures. Referred to the House Committee on Health and Human Services, Rep. Brenda Landwehr, Chair.

HB 2265 – Would provide for the regulation of supplemental nursing services agencies thereby creating the supplemental nursing services agency regulation fund. Referred to the House Committee on Health and Human Services, Rep. Brenda Landwehr, Chair.

SB 103 – Would require that treating dentist information be given to patients upon request and prohibit agreements that limit a patient's ability to file complaints. Referred to the Senate Committee on Public Health and Welfare, Sen. Beverly Gossage, Chair.

SB 111 – Would enact the Massage Therapist Licensure Act and provide for regulation and licensing of massage therapists. Referred to the Senate Committee on Public Health and Welfare, Sen. Beverly Gossage, Chair.

SB 112 – Would modify the regulation of nursing by authorizing independent practice and the prescribing of drugs. Referred to the Senate Committee on Public Health and Welfare, Sen. Beverly Gossage, Chair.

SB 113 – Would provide naturopathic doctors a certificate of authorization for a business entity to practice medicine. Referred to the Senate Committee on Public Health and Welfare, Sen. Beverly Gossage, Chair.

SB 121 – Would broaden the scope of practice of naturopathic doctors. Referred to the Senate Committee on Public Health and Welfare, Sen. Beverly Gossage, Chair.

INSURANCE

HB 2266 – Would clarify the term "covered services" in relation to dental benefits. Referred to the House Committee on Insurance, Rep. William Sutton, Chair.

TRANSPORTATION

SB 106 – Would create the crime of knowingly or intentionally manufacturing, importing, distributing, selling, offering for sale, installing, or reinstalling counterfeit or defective airbags or restraint systems and providing for criminal penalties for violation thereof.

UTILITIES

HB 2221 – Would expand the eligible uses for the 0% state rate for sales of certain utilities and providing for the levying of such tax by cities and counties and authorize cities and counties to exempt sales of such utilities from such city or county taxes. Referred to the House Committee on Taxation, Rep. Adam Smith, Chair.

HB 2227 – Would authorize electricity sales by renewable energy suppliers pursuant to power purchase agreements and would, among other things, exempt such sales from the retail electric suppliers act and, in certain cases, from public utility regulation. Referred to the House Committee on Energy, Utilities and Telecommunications, Rep. Leo Delperdang, Chair.

AGRICULTURE

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SB 120 - Would authorize the secretary of health and environment to adopt rules and regulations for an annual certification program for the replacement of distributions systems segments and increase the amortization period on loans from the Kansas water pollution control revolving fund. Referred to the Senate Committee on Agriculture and Natural Resources, Sen. Dan Kerschen, Chair.

Kansas Legislative Insights is a publication developed by the Governmental Affairs & 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 Healthcare, 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 Affairs & Public Policy Law practice group leader, James P. Rankin at 785.233.3600 or jrankin@foulston.com. Learn more about the authors below:

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