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NEWSLETTERS



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | MARCH 12, 2021

March 12, 2021

WEEK IN REVIEW

On Wednesday, the Legislature returned, and committees started working bills from the other chamber. For the first time since Feb. 13, the Kansas Senate is back to 40 members. The conference committee on the Kansas Emergency Management Act met several times with little progress. On Thursday, the Senate debated internet sales tax and property tax reform.

Bubbling under the surface of the 2021 Legislature has been speculation and informal discussions about the 2022 governor's race. Differences over the handling of the pandemic between Gov. Kelly and Republican legislative leaders surfaced during legislative discussions on COVID-related legislation. Last week, former Gov. Jeff Colyer announced his treasurer for his potential 2022 bid for governor. This week, Attorney General Derek Schmidt formally announced he was running for governor next year. Other Republicans are considering making a run as well.

The 2022 reapportionment process for the House, Senate, Congressional, and State Board of Education districts started on Wednesday. The Legislative Coordinating Council approved a Redistricting Advisory Group. The six-member Group will create guidelines for reapportionment. There are three members from each chamber, with Senate President Sen. Ty Masterson appointing two members, one by Minority Leader Sen. Dinah Sykes, two appointed by the Speaker of the House Ron Ryckman Jr., and one by the House Minority Leader Tom Sawyer. The Advisory Group is authorized to meet four days during the interim. The group will, among other matters, utilize the federal census figures for Kansas in developing its recommendations. The federal census should be available by early summer.

Importantly, the Advisory Group must develop and recommend guidelines for constructing a redistricting plan capable of withstanding constitutional challenges. Ten years ago, a proposed legislative redistricting map resulted in a plan struck down as unconstitutional. Ultimately, federal judges drew the Kansas map. Reapportionment is always a contentious issue with rural districts getting geographically larger and new seats created in urban areas. Sometimes incumbent legislators end up running against each other after redistricting. Often, redistricting

dominates the legislative agenda, and we expect the 2022 session will prove to be consistent with past experience.

RYCKMAN REPLACES ESTES

On Wednesday, March 10, former House member Ron Ryckman, Sr., R-Meade, was sworn in by Chief Justice Marla Luckert as the new state senator for District 38, succeeding the late Sen. Bud Estes. Sen. Ryckman served in the Kansas House of Representatives from 2011-16. On March 4, Ryckman narrowly prevailed in the precinct election over four other candidates after three rounds of voting. He is the father of House Speaker Ron Ryckman, Jr.

SENATE FLOOR TAX DEBATE

On Thursday, the Kansas Senate debated two significant tax bills. On a vote of 30-5, the Senate approved SB 13, which offers significant property tax reform. The bill repeals the property tax lid and abolishes the practice of raising taxes by increasing property valuations. Other significant changes in SB 13, as amended, establish notice and public hearing requirements for certain taxing subdivisions seeking to collect property taxes in excess of the subdivision's revenue-neutral rate, prohibit valuation increases resulting solely from normal maintenance of existing structures, and expand the allowed acceptance of partial payments or payment plans for property taxes. Senate Assessment and Taxation Committee Chair Sen. Caryn Tyson worked hard with interested parties during the interim to address the property tax concerns. She was able to start the committee deliberations early in the session. The bill passed despite some reservations over House amending school districts into the bill. The bill goes to Gov. Kelly for her consideration.

On Thursday, the Senate also debated Senate Bill 50 mandating the collection and remittance of sales and compensating-use tax by most marketplace facilitators beginning July 1, 2021. Such entities with annual gross receipts from sales sourced into Kansas in excess of \$100,000 would be subject to the mandate, which also would apply to out-of-state retailers with annual receipts from sales sourced into Kansas in excess of \$100,000. The bill further would clarify that, in addition to state and local sales and use tax, marketplace facilitators also would be responsible for collecting and remitting local transient guest taxes beginning Jan. 1, 2022, and certain prepaid wireless 911 fees beginning April 1, 2022. The Department of Revenue estimates that SB 50 would increase state revenues by \$42.4 million in Fiscal Year 2022. The bill passed 35-3.

REFLECTIONS ON THE FIRST HALF OF THE 2021 SESSION

This session has been surreal, with empty hallways, initial technology glitches in virtual meetings, limited access to legislators, and legislators having little chance to get to know one another because of social distancing and no social events, even as those in the 2021 session try to finish work remaining from the shortened 2020 session.

After reflecting on the uncertainty around the pandemic in early January, our state leaders need to be commended for implementing appropriate safety protocols within the Capitol for the session to proceed without interruption. The Governor, House and Senate leaders, and the Legislative Administrative Services staff have done a remarkable job of upgrading the technology throughout the Statehouse to allow virtual meetings. House Speaker Ron Ryckman, Jr., and the House leadership successfully met the challenge of developing a plan to allow the 125 members to meet safely with social distancing.

WHAT IS NEXT ON THE LEGISLATIVE CALENDAR

After this week, only two weeks are left for nonexempt committees to hear and consider bills from the other chamber. The last day for non-exempt committees to meet is March 26. The last day for non-exempt bills in either house is March 31. Conference Committees are scheduled to meet April 6-8 with first adjournment on April 9. The Veto Session begins on May 3.

BILL INTRODUCTIONS

TAXATION

SB 47 – As amended by the House Committee of the Whole, would require paid tax preparers to sign and include their tax identification number on all income tax returns they prepare, and prescribe civil penalties for failure to do so. We originally reported on this in our Jan. 29 issue. This bill was passed as amended on emergency final action; Yea: 155, Nay: 8.

HB 2432 – Would make similar changes to sales tax as SB 171 reported on Feb. 12, 2021. Referred to the House Committee on Taxation, Rep. Adam Smith, Chair.

COURTS, LAWS, AND REGULATIONS

SB 13 – As amended by the House Committee of the Whole, would make changes to property tax law as first reported on Feb. 19, 2021. This bill was passed as amended on emergency final action; Yea: 120, Nay: 3.

HB 2405 – As amended by the House Committee of the Whole, would authorize the issuance of \$1,000,000 of pension obligation bonds to finance a portion of the unfunded actuarial liability of KPERs. This bill was passed as amended on emergency final action; Yea: 117, Nay: 6.

SB 287 – Would make similar changes to law legalizing and regulating medical marijuana, as HB 2184 reported on Feb. 5, 2021. Referred to the Senate Committee on Public Health and Welfare, Sen. Richard Hilderbrand, Chair.

HB 2430 – Would legalize and authorize the cultivation, manufacturing, sale, possession, and use of cannabis and cannabis products. Referred to the House Committee on Federal and State Affairs, Rep. John Barker, Chair.

SB 289 – Would provide additional compensation to Kansas employees who are engaged in essential work and at high risk of contracting COVID. Referred to the Senate Committee on Ways and Means, Sen. Rick Billinger, Chair.

HB 2433 – Would require online third-party marketplaces to verify and authenticate the identity of the third parties who sell products on their platform. Referred to the House Committee on Commerce, Labor and Economic Development, Rep. Sean Tarwater, Chair.

SB 295 – Would give counties the authority to adopt their own COVID-19 vaccination plans separate from state guidelines. Referred to the Senate Committee on Federal and State Affairs, Sen. Larry Alley, Chair. A hearing has been scheduled for this matter on Mar. 15, 2021

SB 291 – Would increase the minimum wage by \$1 an hour per year capped at \$15 an hour by 2027. Referred to the Senate Committee on Ways and Means, Sen. Rick Billinger, Chair.

HB 2431 – Would make similar changes to rural opportunity zones as SB 216 reported on Feb. 12, 2021. Referred to the House Committee on Financial Institutions and Rural Development, Rep. Jim Kelley, Chair. A hearing has been scheduled for this matter on Mar. 17, 2021.

HEALTHCARE

SB 290 – Would make similar changes to healthcare liability insurance as HB 2380 reported on Feb. 19, 2021. Referred to the Senate Committee on Ways and Means, Sen. Rick Billinger, Chair.

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 healthcare, insurance, public finance, taxation, financial institutions, business & economic development, energy, real estate & construction, environmental, agribusiness, employment, and workers compensation. Bill summaries are by

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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. Learn more about the authors below:

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As a partner at Foulston Siefkin, Eddie represents clients in matters before state regulatory commissions, courts, and local governmental bodies. He has built and maintained relationships with key individuals – including lobbyists, elected and appointed officials, and staff members – that prove valuable in advancing clients' interests and issues. Drawing on his experience as a regional governmental affairs attorney for AT&T in Chicago, he helps clients navigate the maze of federal policies and agencies, advises on how processes work in Washington, and provides introductions to those who can help them accomplish their goals.

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