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February 16, 2018

Week six of the 2018 Kansas Legislative Session remained steady pace with the biggest event of the week is the announcement of the new Lieutenant Governor on Tuesday evening. The legislature is working towards next week's "turnaround" deadline, the halfway point of the Kansas Legislative session, which comes on Thursday of next week. This is the legislative deadline when nonexempt Senate and House bills must be out of their respective chambers. Nonexempt bills that have not passed to the other chamber are considered dead while all exempt bills are not subject to any deadlines. This weekend the Republican State Party Convention is being held in Wichita and the Legislature will be pro forma on Friday so majority party legislators can attend the events.

New Lieutenant Governor

On Tuesday night at the Kansas Livestock Association dinner Tracey Mann was named the new Lieutenant Governor by Governor Jeff Colyer. Mann is a commercial real estate developer who lost to Tim Huelskamp in his 2010 run for US Congressional 1st district.

Governor Colyer's press release noted "Tracey has made a name for himself as a strong, servant leader and a go-getter. He is truly in tune with the needs and challenges of Kansas' rural and agricultural communities.

Tracey has been a leader on economic development and rural issues in Kansas for years, and I am excited to bring those skills to our team.

Tracey Mann is a fifth-generation Kansan from Quinter. Although his family now lives in Salina, he still regularly returns to Quinter to work on the family farm. Tracey truly knows what it means to listen, serve and lead."

Budget Update

The budget process continued in both chambers this week with subcommittees still meeting to get detailed information from agencies.

House Appropriations Committee discussed a few budgets including the Attorney General's budget request for more funding to address fraud and abuse as well as the Board of Indigent Defense Services request for additional funding due to increased activity in a few capital punishment cases.

Appropriations also discussed funds for career and technical education across the state, including south central Kansas. The workforce training at NIAR and NCAT led to a spirited discussion in committee, which led to the committee ultimately approving funds for both.

Senate Ways and Means spent time this week discussing the KDOR transitioning to digitally printed license plates which should provide for lower costs and quicker license plate turn-around. The also heard budget reports including a discussion on the Judicial Branch salary levels for judges and non-judicial staff. For several years discussions have included getting judicial staff salaries up to market levels. House Appropriations delayed their discussion on the Judicial Branch, but the Senate committee will continue their discussion into next week.

Both committees are also reviewing budgets for state hospitals, that in addition to the judicial branch budget, will be significant points of difference between the two chambers in upcoming budget negotiations.

Federal Tax Changes Impact on State Revenue

On Wednesday, House and Senate Tax Committee met jointly to hear an overview of the changes by Salina CPA Jay Langley and KDOR staff member. The committee learned no state legislative changes are needed to integrate the new federal tax unless lawmakers wish to return the estimated state tax windfalls to Kansas taxpayers.

Legislators learned Kansas will see almost \$138 million windfall in FY '19 based on the federal tax changes. Roughly \$84.4 million will come from individual income tax changes that resulted in increased limits for certain charitable deductions, limits on state and local taxes deductions and deduction limit on qualified residence interest. An additional \$53 million is expected from changes in business provisions including provisions involving foreign owned corporations. Future estimated totals for Kansas increases are \$179.9 million in FY '20 and \$187.7 million in FY '21.

Business Expensing Incentive

On Thursday, Senate Tax moved out SB 303, which restores the business expensing incentive that was eliminated as part of the 2012 income tax cuts for all businesses except C Corporations and financial institution paying privilege tax who did not receive an income tax cut. The bill is now on Senate General Orders, but it is uncertain when the bill may be worked.

Hight Performance Incentive Program (HPIP)

The Senate Commerce Committee voted out SB 334, which makes changes to the HPIP, on Thursday. Current law allows HPIP companies a 10% income tax credit for eligible capital investments exceeding \$51 million in metropolitan areas and \$50,000 in all other areas. The credit can currently be carried forward for 16 years.

As amended, SB 334 would allow in tax year 2018, that 75% of the tax credits can be taken up to 16 years, but after 16th year, the company could only claim up to 25% of the unused HPIP credits in any one tax year. The Senate added an amendment the credits must all be used within 25 years. The bill is below the line on Senate General Orders and we do not know when it may be debated by the full Senate.

Cybersecurity

The cybersecurity bill, HB 2560, which originally proposed the create of a new comprehensive act applying to state and local agencies across the state has been significantly amended and removes all references to any fees being charged to any agency other than the agencies currently paying fees for a connection. In addition, all references applying to local agencies have been removed. The bill passed out as a substitute bill and will be considered by the full house likely next week.

Amusement Park Legislation

SB 307 dealing with regulating amusement parks was amended by the Senate Fed and State Committee on Monday and passed out of committee unanimously. The amendments included an exclusion for hayrack and barrel train rides, an increase in the height of exempted water slides to 20 feet, a full exemption for municipally owned water slides and an amendment requiring bouncy house owners to provide a less restrictive certification of showing 5-years of experience working with inflatables and a certificate of training to operate in lieu of annual inspection.

Thursday, the Senate debated SB 307 and added one amendment to re-insert liability for inspectors. The bill passed on final-action by a vote of 36-0 and is now headed to the House for consideration.

However, on Wednesday, Rep. Jeff Pittman introduced HB 2570 bill which also deals with Amusement Parks oversight and specifically exempts for bouncy houses from oversight. We do expect the House to discuss the two bills and work their own version of an Amusement Park bill.

Seat Belt Legislation

On Tuesday the Senate Judiciary Committee passed on to the full Senate for consideration SB 296, which allows juries in auto accident trials to hear if the injured person was wearing his or her seatbelt. Current law prohibits that information from being revealed. It seems likely that this will continue to be a contentious issue as it moves forward.

Unemployment Insurance

On Tuesday, House Commerce held a hearing on HB 2461, which would allow wage claimants to hire a private attorney to assist in unpaid wages claims and receive attorney fees if they are awarded judgment. Opponents to the bill argue the KS Department of Labor (KDOL) has a successful free wage claims process in place and passage of the bill would only incent litigation and increase cost for both claimants and employers. The Committee indicated no interest in working the bill.

In addition, at the request of Governor Coyler, KDOL is looking to provide additional job placement services to unemployed Kansans receiving unemployment benefits. Through local One Stop Workforce Centers benefit recipients who after 5 weeks have not secured employment will be required to seek weekly job assistance training at a local workforce center in order to continue receiving their benefits. Some exceptions will be made for hardship cases, but the intent of the proposal is to better assist and match the unemployed Kansans with Kansas employers looking for workers.

Lobbying Bill

On Wednesday in Senate Ethics, Elections, and Local Government Senate President Susan Wagle and Senate Minority Leader Anthony Hensley spoke in favor of their bill, SB 394, which President Wagle referred to as a “sunshine bill.” The bill requires anyone wishing to lobby executive branch agencies or the judiciary to register as lobbyists. Currently, only those lobbying the legislative branch are required to register. The bill was passed out of committee on Thursday and sent on to the full Senate for consideration likely next week.

KanCare

The Senate Ways and Means Committee sent on to the full senate a bill that would essentially freeze KanCare as it currently exists without legislative approval for changes. The bill would end administration efforts to include work requirements for recipients as well as providing a vehicle for proponents to attempt to expand KanCare. It is uncertain if this bill will be worked by the full Senate since it is germane to Medicaid expansion and leadership is not in support of the expansion.

Dental Therapists

The Senate passed SB 312, which broadens what dental therapists are allowed to do and procedures they are allowed to perform provided they are supervised by a licensed dentist, by a vote of 38-0. Proponents argue this will greatly expand the number of Kansans receiving dental services. Negotiations on the bill require a provision that dentists who agree to supervise up to three dental therapists must also be a KanCare provider.

Immigration

On Thursday, the House Higher Education Committee began hearings on HB 2643, which proposes to eliminate in-state tuition for Kansas high school kids who do not have legal status. The bill would require that the additional revenue “earned” from the undocumented students who attend a higher ed facility to be given to students who are come from foster care system. Regents officials have expressed concerns on how to track and account for the differences the bill would require. The only proponent of the bill on Thursday was Sect. Kris Kobach and the opponents included the ACLU, existing DACA students as well as members of the faith community. The hearing will be continued on Monday where additional testimony will be heard.

Next Week

With Turn-Around looming on Thursday the legislature is expected to spend most of the week on the floor debating bills and moving them out of their chamber of origin. The second half of the 2018 session is expected to be a faster pace, especially once the much-anticipated school funding report is released in March.