



BRADEN • HEIDNER • LOWE
& ASSOCIATES

LEGISLATIVE REPORT

KEDA

FEBRUARY 5, 2021

OVERVIEW

The 2021 Legislative Session continues at a faster than normal pace as the Legislature wraps up the fourth week. Committees met throughout the week to hold dozens of hearings while new bills continue to be introduced. The first major legislative deadline, known as Turnaround, is on the horizon scheduled for March 5. This is the deadline most bills must be passed by their original chamber of origin to remain alive in the process. To this end, action over the next four weeks leading up to that Turnaround date is expected to intensify.

The House and Senate budget subcommittees began reviewing budget proposals that will eventually be pieced together in the coming weeks. Other policy issues, including taxes, medical marijuana and Medicaid Expansion continue to capture headlines as proposals come forward.

Framework for Growth Plan Unveiled

Governor Kelly unveiled the Framework for Growth Plan for Kansas, the first comprehensive economic development strategy since 1986. The Framework has four strategic pillars: talent, innovation, community assets and policy. It also has the targeted sectors of advanced manufacturing, aerospace, distribution, logistics and transportation, food and agriculture and professional and technical services. The plan will be presented in House Commerce on Thursday and was reviewed in Senate Commerce last Thursday.

Star Bonds Bill Up for Hearing

SB124 will be heard in Senate Commerce on Tuesday. There is a house version, HB2221 that has been sent to House Commerce. The bill amends STAR bonds by adding rural redevelopment projects and major business facilities, changing certain project financing, investment and sales provisions, adding a visitor tracking plan requirement and additional feasibility study requirements with oversight by the secretary, requiring approval by the secretary for real estate transfers, requiring district contiguity, making other amendments and extending the sunset date.

House Commerce on KIT and KIR HPIP Decoupling and Angel Investor Tax Credit

HB2097 has been passed out of the House Committee on Commerce, Labor and Economic Development. The companion Senate bill, SB65 was heard in Senate Commerce on Wednesday. The bill would decouple the requirement of participating in the Kansas industrial training, Kansas industrial retraining in order to receive HPIP credits.

The House Commerce Committee passed out HB2045, which would extend the sunset for the Angel Investor Tax Credit from tax year 2021 to tax year 2026 and would increase the amounts of tax credits allowed. There were technical amendments that were requested by the Commerce Department. The Senate version was heard on Monday in Senate Commerce and was passed out of the Committee.

HPIP Transfer of Credits Bill Introduced

The Kansas Department of Commerce introduced Senate and House bills, HB2171 and SB91, which would allow for transferability of unused HPIP credits. SB91 will be heard in Senate Commerce on Wednesday. The bills would allow for a taxpayer with HPIP projects placed in service after January 1, 2021 to transfer up to 50% of the tax credit. The taxpayer may make a transfer to one or more transferees, but the total of all transfers shall not exceed 50% of the taxpayer's tax credit. The taxpayer shall make the transfer or transfers within a single tax year. The credit also is required to meet additional requirements of the bill.

Governor's ERO 48

Governor Kelly's ERO 48 will be heard in Senate Commerce on Thursday. The ERO would transfer the Division of Tourism and the office of the Director of Tourism from the Kansas department of wildlife, parks and tourism to the Kansas Department of Commerce.

Rural Housing Incentive District

SB90 and HB2170 would amending the Kansas rural housing incentive district act to permit bond funding for vertical residential renovation of older buildings in central business districts. The structures would need to be 25 years or older. The bills are a part of the Kansas Department of Commerce legislative agenda. No hearings have been set.

Governor Announces Medicaid Expansion Plan

This week Governor Laura Kelly announced legislation to expand Medicaid (Kancare) and provide health insurance for 165,000 Kansans. The legislation also establishes a regulatory framework to make Kansas the 48th state to legalize medical marijuana. The Governor's plan would include legalizing medical marijuana and fund the Medicaid expansion with the proceeds from legalizing medical marijuana.

University Engineering Initiative Act

The University Engineering Initiative Act (UEIA) will sunset in 2021 was heard in House Appropriations. The Committee members are supportive of the Act. Those testifying in favor of the bill included the Kansas Society of Professional Engineers; ACEC of Kansas; Kansas Department of Commerce; Kansas Chamber; Associated General Contractors of Kansas; Wichita Regional Chamber of Commerce; Kansas Board of Regents; Lawrence Chamber of Commerce and the Greater Kansas City Chamber. Additional written testimony came from the Civic Council of Greater Kansas City and METL coalition. There were no opponents and one neutral. The program is administered by the Kansas Department of Commerce and Board of the Regents, the program provides \$10.5M each year from the Lottery Act Fund that is evenly split by Kansas State University, the University of Kansas and Wichita State University to invest in their engineering programs.

Unemployment Issues

As the headlines continue to highlight the difficulties of the Kansas Department of Labor and fraudulent unemployment claims, the legislature will be looking at a couple of bills. HB2196 is looking at changing provisions of the employment security law, including creation of the unemployment compensation modernization and improvement council, development of a new unemployment insurance information technology system, provision of tax information to claimants, publication of trust fund data, the maximum benefit period, the charging of employer accounts for benefits paid, employer contribution rate determination and schedules, abolishment of the employment security interest assessment fund, crediting of employer accounts for fraudulent or erroneous payments, transfers from the state general fund to the unemployment insurance trust fund for improper benefit payments, changes to the shared work compensation program and other unemployment trust fund provisions. The bill will be heard Tuesday and Wednesday next week in House Commerce. HB2195, which would hold reimbursing employers and other employers harmless for fraudulent

unemployment insurance claims and reimbursing the unemployment insurance trust fund with moneys from the state general fund for improper benefits payments was heard in House Appropriations.

Licensure Bill

The Licensure Reciprocity Bill is HB 2066 and was passed out of the House Commerce Committee this week. In short, the bill provides that people licensed out of state and/or military spouses who move to Kansas are on the fast track to obtain a Kansas license unless the requirements are substantially different.

Marketplace Facilitator Bill

SB50 was heard in Senate Assessment and Taxation on Wednesday. The bill would provide guidance and definition to sales tax requirements relating to marketplace facilitators; requiring the collection and remittance for sales, compensating use and transient guest taxes and prepaid wireless 911 fees made on platforms. The bill would set \$100,00 as the amount of sales needed to Kansas to be required to pay sales tax. A similar bill, HB2173, with a 911 date change will be heard in House Taxation on Wednesday.

Senate Commerce Calendar

Tuesday, February 9

Hearing on:

SB 124 — Amending STAR bonds by adding rural redevelopment projects and major business facilities, changing certain project financing, investment and sales provisions, adding a visitor tracking plan requirement and additional feasibility study requirements with oversight by the secretary, requiring approval by the secretary for real estate transfers, requiring district contiguity, making other amendments and extending the sunset date.

Wednesday, February 10

Hearing on:

SB 90 — Amending the Kansas rural housing incentive district act to permit bond funding for vertical residential renovation of older buildings in central business districts.

SB 91 — Providing for the transferability of high-performance incentive fund tax credits.

Thursday, February 11

Hearing on agency budget: Kansas Department of Commerce

Hearing on:

ERO 48 — Transferring the division of tourism and the office of the director of tourism from the Kansas department of wildlife, parks and tourism to the department of commerce; renaming the Kansas department of wildlife, parks and tourism as the Kansas department of wildlife and parks; establishing the position of assistant secretary for operations; and abolishing the position of assistant secretary of wildlife, fisheries, and boating and the position of assistant secretary for parks and tourism.

House Commerce Committee

Thursday, February 11

Presentation on Framework for Growth

Links to House and Senate Calendars

http://kslegislature.org/li/b2021_22/chamber/calendars/

Since much of the committee and floor activity will be available virtually, here is the link to the Kansas Legislature website, where the audio and visual will be available. <http://kslegislature.org/li/>

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