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LEGISLATIVE REPORT

KEDA

FEBRUARY 26, 2021

OVERVIEW

The 2021 Legislative Session continues to offer significant activity as the committees met throughout the week to consider bills. Next week is dedicated solely to all-day debates on the House and Senate floor. Most bills, save for ones in the budget, tax or federal and states affairs committees, must be passed by their house of origin by turnaround to remain active this session. This will result with weeks in the month of March reviewing fewer bills, but the ones in play will receive more attention. Bills not passed by the Turnaround deadline on March 5 will be active again in January 2022.

University Engineering Initiative Act

The University Engineering Initiative Act (UEIA) that will sunset in 2021 has been passed by the House. 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, Wichita State University and Kansas University. The program also requires matching funds.

Marketplace Facilitator Bill

Both SB50 and HB2173 are marketplace facilitator bills. SB50 was passed out of the Senate Taxation Committee with an April 1, 2022 implementation date for the prepaid wireless 911 fees. 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.

Unemployment Issues

As the headlines continue to highlight the difficulties of the Kansas Department of Labor and fraudulent unemployment claims to the reported amount of \$290 million, the legislature continues to review options on unemployment. The House passed their version, HB2196 out of Commerce Committee today. The Senate has not passed their version out of Committee.

Rural Opportunity Zones

SB216 and SB217 were introduced last week. SB216 would extend the eligible time period for rural opportunity zones loan repayment program and income tax credit and SB217 would add eight additional counties to the rural opportunity zone list. Both were sent to Senate Assessment and Taxation.

Governor's ERO 48

Governor Kelly's ERO 48 is waiting action of the legislature. The House and Senate have recommended the ERO be approved. 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 amend 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. SB90 was passed out of Senate Commerce Committee last week. HB2170 is in House Commerce Committee.

Star Bonds Bill

SB124 has been passed out of Committee and is waiting for action by the full Senate. 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.

R&D Bill

HB2394 would increase the amount of the research and development tax credit, expanding eligibility beyond corporate taxpayers and permitting transfer of the credit. The bill has not had a hearing in the House Taxation Committee.

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 has also been passed by the Senate. 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, SB66, has been voted out of the Senate.

HPIP Transfer of Credits Bill

The Kansas Department of Commerce introduced Senate and House bills, HB2171 and SB91, which would allow for transferability of unused HPIP credits. SB91 was heard in Senate Commerce on Wednesday and passed out last week. 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 requirements of the bill.

Liability Protection for Work Based Learning

HB2351 will be heard by House Commerce Committee next week. The bill would provide liability protection for businesses, municipalities and educational institutions that participate in high school work-based learning programs and providing that schools are responsible for injuries to students participating in such programs.

Licensure Bill

The Licensure Reciprocity Bill is HB 2066 is waiting to be worked by the House. 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. The Senate version, SB137, was heard in Senate Commerce.

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/>

Sandy Braden, President, Braden Heidner Lowe & Associates

Email: sandy@bhlandassociates.com

Office: 785-233-4512

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Bill Number and Sponsor	Bill Subject	Current Status	Last Action
SB 50 Senate Assessment and Taxation Committee	Requiring marketplace facilitators to collect and remit sales, use and transient guest taxes and 911 fees from sales made through their platforms and removing click-through nexus provisions	On General Orders in Senate	02/26/2021 - Senate Committee Report recommending bill be passed as amended, by Assessment and Taxation
SB 65 Senate Commerce Committee	Decoupling the KIT and KIR workforce training programs from the high performance incentive fund program	In House Commerce, Labor and Economic Development	02/22/2021 - House Referred to Commerce, Labor and Economic Development
SB 66 Senate Commerce Committee	Amending the angel investor tax credit with respect to the definition of qualified securities, tax credit limitations and amounts, investor requirements and extending the date that credits may be allowed	In House Commerce, Labor and Economic Development	02/22/2021 - House Referred to Commerce, Labor and Economic Development
SB 90 Senate Commerce Committee	Amending the Kansas rural housing incentive district act to permit bond funding for vertical residential renovation of older buildings in central business districts	On General Orders in Senate	02/11/2021 - Senate Committee Report recommending bill be passed, by Commerce
SB 91 Senate Commerce Committee	Providing for the transferability of high performance incentive fund tax credits	On General Orders in Senate	02/11/2021 - Senate Committee Report recommending bill be passed, by Commerce
SB 124 Senate Commerce Committee	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 configuity, making other amendments and extending the sunset date	On General Orders in Senate	02/11/2021 - Senate Committee Report recommending bill be passed, by Commerce
SB 216 Senate Assessment and Taxation Committee	Extending the eligible time period for rural opportunity zones loan repayment program and income tax credit	In Senate Assessment and Taxation	02/11/2021 - Senate Referred to Assessment and Taxation
SB 217 Senate Assessment and Taxation Committee	Adding certain counties to the list of eligible rural opportunity zone counties	In Senate Assessment and Taxation	02/11/2021 - Senate Referred to Assessment and Taxation
HB 2045 Stephen Owens, R-74th	Revising the Kansas angel investor tax credit act with respect to the definition of qualified securities, tax credit limitations and amounts, investor requirements and extending the date that credits may be allowed	On General Orders in House	02/01/2021 - House Committee Report recommending bill be passed as amended by Commerce, Labor and Economic Development
HB 2097 Sean E. Tarwater, R-27th	Decoupling the KIT and KIR workforce training programs from the high performance incentive fund program	On General Orders in House	02/03/2021 - House Committee Report recommending bill be passed by Commerce, Labor and Economic Development
HB 2101 House Appropriations Committee	Extending transfers from the expanded lottery act revenues fund to the university engineering initiative	In Senate Ways and Means	03/01/2021 - Senate Referred to Ways and Means
HB 2130 House Taxation Committee	Providing a tax lid exception for transportation construction projects	In House Taxation	01/26/2021 - House Referred to Taxation
HB 2170 House Commerce, Labor and Economic Development Committee	Amending the Kansas rural housing incentive district act to permit bond funding for vertical residential renovation of older buildings in central business districts	In House Commerce, Labor and Economic Development	01/29/2021 - House Referred to Commerce, Labor and Economic Development
HB 2171 House Commerce, Labor and Economic Development Committee	Providing for the transferability of high performance incentive fund tax credits	In House Commerce, Labor and Economic Development	01/29/2021 - House Referred to Commerce, Labor and Economic Development
HB 2219 House Commerce, Labor and Economic Development Committee	Enacting the Kansas targeted employment act to provide tax credits for the employment of persons with developmental disabilities	In House Commerce, Labor and Economic Development	02/10/2021 - House Scheduled Hearing in Commerce, Labor and Economic Development: Tuesday, 2/16, 1:30 PM, Rm 346-S
HB 2221 House Commerce, Labor and Economic Development Committee	Amending STAR bonds law by adding rural redevelopment projects and major business facilities, increasing certain project investment and sales requirements, adding a return on investment analysis and other requirements and approvals by the secretary and extending the sunset date	In House Commerce, Labor and Economic Development	02/04/2021 - House Referred to Commerce, Labor and Economic Development
HB 2237 House Financial Institutions and Rural Development Committee	Extending the eligible time period for the rural opportunity zone loan repayment program and income tax credit	In Senate Assessment and Taxation	02/25/2021 - Senate Referred to Assessment and Taxation
HB 2394 House Taxation Committee	Increasing the amount of the research and development tax credit, expanding eligibility beyond corporate taxpayers and permitting transfer of the credit	In House Taxation	02/18/2021 - House Referred to Taxation
HB 2416 House Federal and State Affairs Committee	Modifying the procedure for declaring and extending a state of disaster emergency, limiting powers granted to the governor during a state of disaster emergency, authorizing the legislative coordinating council and the legislature to take certain action related to a state of disaster emergency and prohibiting the governor or the state board of education from closing private schools during a state of disaster emergency	In House Judiciary	02/25/2021 - House Scheduled Hearing (cont.) in Judiciary: Thursday, 2/25, 3:30 PM, Rm 582-N
HB 2421 House Taxation Committee	Providing income tax modifications for global intangible low-taxed income, business interest, capital contributions, FDIC premiums, business meals and payment protection program loans and expenses; expanding the expense deduction availability to income tax taxpayers and calculating the deduction amount; allowing an individual to itemize deductions in Kansas despite not itemizing on their federal return; and exempting from income compensation attributable to unemployment insurance ID fraud	In House Taxation	02/25/2021 - House Referred to Taxation
ERO 48 Governor Laura Kelly	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, parks and tourism; 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	On Special Order of Business in Senate On Special Order of Business in House	02/12/2021 - Senate Committee Report recommending adoption of resolution (SR 1709) approving ERO, by Commerce