



# LEGISLATIVE REPORT



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**FEBRUARY 23, 2019**

## **OVERVIEW**

The 2019 Legislative Session is one week away from its first major milestone called turnaround, which is February 28. Monday is the last day for hearing bills in non-exempt committees in order to have them heard by the full bodies on Tuesday, Wednesday and Thursday. Major issues of the budget, transportation plan policy issues, school finance and tax policy will continue on past the deadline in their respective committees. The legislature will take a three-day break beginning on Friday of next week.

## **POLITICAL UPDATES**

On Thursday, Secretary of State Mike Pompeo told NBC's "Today" show anchor that he has ruled out a run for the 2020 U.S. Senate seat in Kansas being vacated by Senator Pat Roberts.

Mark Burghart, partner at Alderson, Alderson, Conklin, Burghart, Crow and Slinkard in Topeka, was named Secretary of Revenue. Mark Beshears, interim Secretary will remain on staff at the Department. Governor Kelly also submitted paperwork to the Senate for confirmation for Burghart; Lee Norman, KDHE Secretary; Julie Lorenz, KDOT; and David Toland, Commerce. The Senate will check paperwork and background checks and assign them to a Committee for hearings and approval before being submitted to the full Senate.

House Representative Greg Lewis, of St. John, announced he is resigning his seat effective February 22. Representative Lewis was diagnosed with cancer two months ago and is focusing on treatment and time with his family. The local Republican Committeemen and women will choose his successor.

## **HIGHER EDUCATION FUNDING**

The House Appropriations Committee recommended \$10 million more money for higher education this week. The Governor recommended \$9 million, and the House Appropriations recommended \$19 million. The Board of Regents had requested \$50 million.

## **FOOD SALES TAX**

The Senate Tax Committee held a hearing on SB76, which would lower the sales tax on food from 6.5% to 5.5% on July 1 and then down a percentage point each year until it reaches 3.5% on July 1, 2021. The Committee did not take action on the bill.

## **HOUSE HEARS TAX BILL**

Tax policy remains an active topic as the House Tax Committee held hearings on SB22, known as the Federal Tax Windfall bill. Testifying for the bill included the Kansas Chamber, Cargill, Kansas Bankers Association, and Seaboard while the opponents were Kansas Action for Children and the Kansas Association of School Boards. The Taxation Committee will act on the bill Monday.

## **REPAYMENT OF KPERS PASSED BY THE HOUSE**

The House Appropriations Committee approved SB 9, known as the KPERS Repayment Bill. Then, on Thursday, the House debated the bill on the floor and passed it 117-0. The bill would repay KPERS payments delayed from 2016 in the amount of \$115 million. The bill now goes to the Governor, who is concerned that there is not enough money to cover the cost of future increases into the pension fund.

## **ECONOMIC DEVELOPMENT BILLS**

HB2006 was passed by the House Commerce Committee. The bill would require that the Commerce Department provide information on economic development programs and be placed in a database on the website for public information. It also included that legislative post audit would conduct review and analysis of the programs. The bill was amended to protect confidential information of recipients.

The Rural Revitalization Committee will hear and possibly work these bills, along with others that have been heard in their committee on Monday.

**HB2366** — Allowing apparatus operators to provide ground ambulance transportation for certain patients in rural areas.

**HB2112** — Adding Crawford and Dickinson counties to the list of eligible rural opportunity zone counties.

## **INTERNET SALES TAX BILL HEARD IN HOUSE TAXATION**

HB 2352 would require certain marketplace facilitators and out-of-state retailers to start collecting Kansas retail sales and compensating use taxes on sales to Kansas customers. The bill defines marketplace facilitators as persons who facilitate sales by an internet retailer through a physical or electronic marketplace. The bill would require marketplace facilitators and out-of-state retailers with at least \$100,000 in total gross sales in Kansas in the current or immediately preceding calendar year to start collecting retail sales and compensating use taxes on sales in Kansas starting the first day of the next calendar month that is at least 30 days from the date that they reached the \$100,000 threshold.

The bill would also require sales taxes to be collected from all sales of digital property and subscription services beginning on July 1, 2019. The bill includes definitions for digital audiovisual works, digital audio works, digital books, digital code, and digital property. Department of Revenue estimates that HB 2352 would increase state revenues by \$41.1 million in FY 2020. No action was taken, and other internet sales tax bills are expected to be heard after turnaround.

## **QUESTIONS?**

If you have questions or need additional information, please contact me at:

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