



KANSAS LEGISLATIVE REPORT

FEBRUARY 1, 2019

OVERVIEW

As the calendar turns to February, the Legislative Session continues to build intensity. Two hundred bills have been introduced with many more to come. Committee hearings continue to increase as they work through the bills.

EDUCATION FUNDING BILL SCHEDULED FOR HEARING

SB44 will be heard by the Senate Select Committee on Education Finance on Wednesday. The bill would provide for general appropriations for the department of education for FY2019; FY2020 and FY2021; continue the 20-mill statewide levy for schools; and increasing the BASE state aid for the next four years and beyond to account for inflation. The increase would be an amount equal to the average percentage increase in the CPI index in the Midwest region.

SELECT COMMITTEE ON TAX PASSES SB22

The new Senate Select Committee on Federal Tax Code Implementation passed out SB22 on Thursday. The bill is expected to be on the Senate floor next week Wednesday or Thursday. SB22 includes itemized deductions, providing for deferred foreign income, GILTI, business interest capital contributions and FDIC premiums income tax modifications. There is interest in this bill in order to decouple from the federal tax code implemented in 2017. It is unclear what Governor Kelly will do if the bill reaches her desk. Initial comments indicate she would prefer to leave tax policy alone this session and wait to see how the federal tax cuts impact states.

TRANSPORTATION TASK FORCE REPORT

The Joint Legislative Transportation Vision Task Force presented its report to the Legislature this week. The 44-page report covered many topics, but identifies a stable transportation system as crucial for the state and that the \$2 billion transfers have crippled the 2010 T-Works program. The Committee recommends the completion of T-Works as the top priority in any new program. Other projects would be outlined and prioritized by the Kansas Department of Transportation. Many bills will be introduced to begin the discussions on funding sources for a new program including fuel tax increase, registration fee increases on electric and hybrid vehicles and tolling.

Here is a link to the report: http://www.kslegresearch.org/KLRD-web/Publications/CommitteeReports/2018CommitteeReports/jt_leg_trnsprtn_vision_tf-cr.pdf

REPAYMENT OF KPERS OUT OF COMMITTEE

The Senate Ways & Means Committee passed a bill that will spend \$115 million this fiscal year to repay the \$97 million withheld from KPERS in 2016. The bill may be debated early next week by the full Senate. Repayment of the \$97 million comes with an interest rate of 8%. Republicans on the Committee indicated that the interest cost was \$637,000 a month. Governor Kelly's budget did not include this repayment and had proposed a 30-year re-amortization of the actuarial debt, which has met some resistance.



GOVERNOR KELLY INTRODUCES MEDICAID EXPANSION BILLS

Governor Kelly introduced the Medicaid expansion bill in the Senate and House on Kansas Day, January 29. The bills are an updated version of the Medicaid expansion passed in 2017. They take care of the technical aspects of expanding the health care program for low income Kansans and expands services to adults under 65 whose income does not exceed 133% of the federal poverty level. The bill does not contain the estimated \$14 million first-year cost of the federal program. It is contained in a separate budget bill. It is not clear if either the Senate or House bill will get hearings any time soon.

NEXT WEEK

Monday

- House Rural Revitalization – property tax impact briefing
- House Agriculture and Natural Resources Budget hearing - Department of Commerce

Tuesday

- House Energy, Utilities and Telecommunications hearing on HB2084 Amending the Kansas 911 Act
- House Agriculture and Natural Resources Budget hearing on Department of Commerce Budget
- House Taxation briefing on sales tax exemptions
- House Commerce, Labor and Economic Development hearing on **HB2118** — *Providing income tax credits for aerospace and aviation program graduates and their employers.*

Wednesday

- House Federal and State Affairs hearing **HB2115** — *Requiring verification of certain hours billed by contractors under certain contracts.*
- House Commerce, Labor and Economic Development – briefing from Western Kansas Rural Economic Development Alliance

Thursday

- House Appropriations - Briefing from Kansas Independent Oil and Gas Association and Eastern Kansas Oil and Gas Association
- House Rural Revitalization – briefing from Western Kansas Rural Economic Development Alliance
- House Energy, Utilities and Telecommunications briefing by Ed Cross, President, KIOGA
- House Transportation review of Transportation Task Force report
- Senate overview on motor vehicle taxes by Department of Revenue
- Senate Ethics, Elections and Local Government hearing on SB56 – *Requiring verification of certain hours billed by contractors under certain state contracts*



Friday

- House Rural Revitalization – briefing on rural Broadband, Catherine Moyer, Pioneer Communications

LINK to Monday, February 4, 2019 calendars:

http://kslegislature.org/li/b2019_20/chamber/documents/daily_calendar_house_201902_01104119.pdf

http://kslegislature.org/li/b2019_20/chamber/documents/daily_calendar_senate_201902_01095627.pdf

QUESTIONS?

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

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