



LEGISLATIVE REPORT



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FEBRUARY 15, 2019

OVERVIEW

Another busy week in Topeka moves the 2019 Legislative Session closer to the Turnaround deadline of February 28. This deadline marks the date in which most bills must be passed by their original chamber in order to continue through the process. To date, over 530 bills have been introduced between the Senate and House. Committees are working diligently to hold hearings and consider whether or not they should be recommended to the full chamber. The Senate and House continue to debate and pass bills, which reduces the backlog before the Turnaround deadline.

FOOD SALES TAX

Next week, the House Taxation Committee and Senate Taxation Committees will consider a bill to lower sales tax on food from 6.5% to 5.5%. There is a bi-partisan desire to lower food sales tax but the fiscal cost of the reduction may cause an obstacle to become law.

HOUSE HEARING TAX BILL

The House Tax Committee will hear SB22, the bill to decouple from the federal tax code implemented in 2017, next week Tuesday and Wednesday. The Senate has passed the bill. It includes itemized deductions, providing for deferred foreign income, GILTI, business interest capital contributions and FDIC premiums income tax modifications. 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.

REPAYMENT OF KPERS PASSED BY THE SENATE

The House Appropriations Committee will hear Senate passed a bill (SB 9) that would repay KPERS payments delayed from 2016 in the amount of \$115 million. At the time, the Legislature reduced employer contributions, but set a requirement to pay that money back with interest. SB 9 passed 40-0. Governor Kelly's own amortization plan for KPERS was worked by the House and defeated by a vote of 87-36.

INTERNET SALES TAX

After the overview on internet sales tax post audit last week, bills have been introduced to make changes to follow the Wayfair case. This week in House Taxation there will be an overview of the issue.

ECONOMIC DEVELOPMENT BILLS

HB2043, which would require a periodic review of economic development programs, was passed out of House Taxation and is on the House calendar.

Next week, HB2006, which would require that all economic development programs and extensive information as to who receives the benefits be placed in a database on the website for public information, will be worked in House Commerce. There are concerns about data privacy which is expected to be addressed when working the bill on Monday.

HB 2131, which would reinstate the Enterprise Zone sales tax exemption that expired on December 31, 2011 was heard in House Commerce and will be worked this week. The program provides a sales tax exemption for materials, equipment, and services purchased in connection with a business expansion project. In order for businesses to receive the sales tax exemption, manufacturing businesses would be required to create at least two jobs, nonmanufacturing businesses would be required to create at least five jobs, and retail businesses would be required to create at least two jobs located in a city with a population of 2,500 or less or in a county with a population of 10,000 or less. The sales tax exemption would take effect beginning on July 1, 2019.

TRANSPORTATION TASK FORCE REPORT

The Joint Legislative Transportation Vision Task Force continues to present its report to the Legislature. Bills have been introduced in the House and Senate on policy issues of including fuel tax increase, registration fee increases on electric and hybrid vehicles, local jurisdiction tax lid removal and tolling. Governor Kelly has committed \$60 million more in 2020 for Transportation funding, making the total of \$160 million for 2020.

Here is a link to the report: [http://www.kslegresearch.org/KLRD-web/Publications/CommitteeReports/2018CommitteeReports/jt leg trnsprtn vision tf-cr.pdf](http://www.kslegresearch.org/KLRD-web/Publications/CommitteeReports/2018CommitteeReports/jt_leg_trnsprtn_vision_tf-cr.pdf)

NEXT WEEK

Senate Commerce – Wednesday - Final action on SB90 – extending the tax credit under the center for entrepreneurship act to financial institutions and increasing the annual tax credit limit

Senate Assessment and Taxation – Tuesday – Hearing on SB125 – extending the eligible time period for ROZ loan repayment; SB135 – adding counties to the list of eligible ROZ counties; Thursday – SB76 – sales tax rate reduction on food

Senate Utilities – SB69 -Tuesday and Wednesday– requiring the KCC to study electric rates

House Rural Revitalization – Wednesday - Informational briefing by KDOC – Secretary Toland and Deputy Secretary Patty Clark

House Health and Human Services – Wednesday – HB2173 – establishing a commercial industrial hemp program.

Calendars for next week:

http://www.kslegislature.org/li/b2019_20/chamber/documents/daily_calendar_house_20190215130402.pdf

http://www.kslegislature.org/li/b2019_20/chamber/documents/daily_calendar_senate_20190215094020.pdf

QUESTIONS?

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

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