



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | APRIL 5, 2019

FIRST ADJOURNMENT WEEK

This week started with good news on the state budget and March revenue, but things soon became difficult. Senate leadership was unable to muster the 27 votes needed to override Gov. Kelly's veto of SB 22, which proposed to decouple the Kansas income tax calculation from federal adjusted-gross income and lighten the burden on Kansas corporations. Undecided Senators were invited to meet with Gov. Kelly and the Senate leadership. Gov. Kelly and Senate President Susan Wagle both held press conferences defending their respective positions on Medicaid expansion. Finally, there was a contentious confirmation hearing on Gov. Kelly's appointment for Commerce Secretary.

Tuesday evening, the House negotiators on the K-12 education budget reached a compromise, which was essential to justifying the first adjournment scheduled for today. Both chambers passed the education conference committee report on Thursday, sending it to the governor for her signature. This action was necessary for Attorney General Derek Schmidt to prepare briefs for the Kansas Supreme Court on the *Gannon* (K-12 school funding) case, plus finish the mega-budget bill.

On Thursday evening, the negotiations over the mega-budget broke down over two issues. First, there was no agreement on how to handle repayment to the Pooled Money Investment Board. Second, differences on prohibiting Medicaid expansion spending without legislative approval could not be resolved. Traditionally, the base budget is approved before first adjournment, and the omnibus budget (often containing the contentious major issues and last-minute adjustments) is held over to the veto session. Ultimately, the Senate and House Budget Conferees decided to wait until the veto session to resume deliberations on all budgetary matters.

Conference committees met and bundled a multiplicity of bills, adding confusion to bill-tracking efforts. The Farm Bureau rural-health bill was added to the association health-plan bill along with several other insurance measures. That bill passed the Senate Thursday and the Friday House vote on the farm bureau/association health-plan bill was 84 Yea 39 Nay.

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The corporate practice of medicine compromise bill was passed by the House of Representatives. In the health conference committee, the corporate practice bill was inserted into a pharmacy bill and passed the Senate without any hearing or committee action.

MARCH REVENUE BREAKDOWN

For the first time since July 9, 2018, the March tax-only revenues exceeded the projected estimates by \$23 million and was \$22 million more than last March. For this fiscal year, state-only revenue is up \$23 million or .48% more than the estimates. The April Consensus Revenue Estimate will be the foundation for next year's budget revenue projections.

BILL INTRODUCTIONS, ETC.

AGRICULTURE

Senate Sub for HB 2167 – As amended, would require the Kansas Department of Agriculture, in consultation with the governor and attorney general, to submit a plan to the U.S. Department of Agriculture regarding how the Kansas agency will monitor and regulate the commercial production of industrial hemp within the state. The bill would establish the Commercial Industrial Hemp Program and create the Industrial Hemp Regulatory Commission. The substitute bill passed the Senate Wednesday on emergency final action as amended; Yea: 39, Nay: 0.

COURTS, LAWS, AND REGULATIONS

HB 2290 – A complicated bill affecting the Office of the Attorney General, it would create a Crime Victims Compensation Division to administer and support the operations of the Crime Victims Compensation Board. The bill would require the Attorney General to appoint a Kansas Youth Suicide Prevention Coordinator as well as additional support staff to identify, create, coordinate, and support youth suicide-awareness and prevention efforts throughout the state. The bill would require the Attorney General to appoint a Kansas Victim and Notification Everyday coordinator and additional support staff to work with interested parties, including but not limited to sheriffs throughout the state. Finally, the bill provides that when payment is made from the Torts Claim Fund on behalf of a state agency or employee for defense or indemnification of a claim involving an alleged violation of KORA or the Kansas Open Meetings Act, the agency requesting such defense or indemnification would be required to transfer to the Fund an amount equal to the payment made by the Fund on behalf of the agency for such defense or indemnification. The bill passed the Senate Wednesday on emergency final action as amended; Yea: 39, Nay: 0.

Senate Concurrent Resolution No. 1610 – Would amend the Kansas Constitution by revising Article 3 – the Judiciary Article. The Resolution would allow the governor to appoint Supreme Court justices and Court of Appeals judges, subject to Senate confirmation, and would abolish the Supreme Court Nominating Commission. The resolution was referred to the Senate Committee on Judiciary, Sen. Rick Wilborn, Chair.

TAXATION

SB 104 – As amended by the Senate, would enact the Kansas Taxpayer Protection Act and the Golden Years Homestead Property Tax Freeze Act, allow disabled veteran renters to claim the property tax refunds under the current Homestead Property Tax Refund Act, and allow individual income taxpayers to claim the expense deduction. The bill is currently in a Senate/House Conference Committee where, as of today, no agreement on all features of the bill has been reached.

HEALTHCARE

HB 2413 – Would enact the Human Solution for Kansas Act. It relates to the licensure and regulation of the manufacturing, transportation, and the sale of medical cannabis and imposes a privilege tax on medical cannabis. Referred to the House Committee on Federal and State Affairs, Rep. John Barker, Chair.

Kansas Legislative Insights is a publication developed by the Governmental Relations & Public Policy Law practice group of Foulston Siefkin LLP. It is designed to inform business executives, human resources and governmental relations professionals, and general counsel about current developments occurring in current Kansas legislation. Published regularly during the Kansas legislative session, it focuses on issues involving health care, insurance, public finance, taxation, financial institutions, business & economic development, energy, real estate & construction, environmental, agribusiness, employment, and workers compensation. Bill summaries are by necessity brief, however, for additional information on any issue before the Kansas Legislature, contact Foulston Siefkin's Governmental Relations & Public Policy Law practice group leader, James P. Rankin at 785.233.3600 or jrankin@foulston.com.

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Gary, a governmental affairs consultant to Foulston Siefkin's Governmental Relations & Public Policy practice group, provides legislative monitoring and lobbying services for Foulston's governmental relations clients. He holds a bachelor of science degree in history and political science from Southwestern College and a master's degree in labor economics from Wichita State University. Throughout his extensive career, Gary has served as CLE Director to the Kansas Bar Association and as Executive Director of the Kansas Optometric Association.

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PRACTICE AREAS

- Government Affairs & Public Policy Law