

NEWSLETTERS



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | MARCH 6, 2020

WEEK EIGHT OVERVIEW

With the turnaround break on Monday and Tuesday, the Legislature met for three days this week with most committee activity limited to Wednesday and Thursday. The Senate debated four measures on Thursday, and the House did not have floor debate this week. The House Appropriations Committee and Senate Ways and Means Committee continued working on the budget. Technically, the only annual obligation of the Legislature is to pass a budget. On Wednesday, the House Appropriations Committee removed the funding for Medicaid expansion from the budget on a 12-10 vote. This issue could be revisited in the veto session during the Omnibus Budget discussions if a compromise is worked out on the abortion and Medicaid expansion impasse.

On Wednesday, the Senate Commerce Committee heard testimony on SB 474, permitting student athletes to receive compensation for the use of their name, image, likeness rights, or athletic reputation. One interesting aspect of the bill is it would not be effective until 15 other states have adopted similar legislation, as determined by the Attorney General. The institution or athletic association shall not interfere or prevent a student athlete who is enrolled in a Kansas postsecondary educational institution from obtaining professional representation in these legal matters. The athletic directors from the University of Kansas and Kansas State University were among those testifying along with the President of Emporia State University.

On Thursday, the House Appropriations Committee introduced a bill to build a Kansas Department of Health and Environment laboratory on parking lot number 4 of the downtown Capitol complex. This will likely be an added consideration in the discussion on the future of the Docking Office Building.

OIL AND GAS BILLS BUNDLED

The bundling of bills started in the last few weeks and will become more common as the legislative deadlines rapidly approach. House Substitute for HB 2536 is a good example. On Thursday, the House Appropriations Committee combined three bills addressing abandoned oil and gas wells into House Substitute for HB 2536. House Bill 2534 would amend existing law concerning funds used by the Kansas Corporation Commission to plug abandoned wells. The bill would transfer all monies and liabilities of the Well Plugging Assurance Fund to the

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Abandoned Oil and Gas Well Fund and abolish the Well Plugging Assurance Fund. HB 2535 would repeal a requirement for a joint management plan for oil and gas regulation between the Kansas Department of Health and Environment and the Kansas Corporation Commission. House Bill 2536 would amend existing law concerning responsibility for abandoned well plugging. The bill would include an exclusive listing of parties that could be considered responsible for plugging abandoned wells, as well as grant authority to the Kansas Corporation Commission to adopt regulations to establish a program to reimburse non-responsible parties for plugging abandoned wells. With the compressed timeline, the procedure of bundling bills will become more frequent, often making it difficult to track the status of pending legislation. Individual tax bills will often be bundled during the veto session when the latest revenue information is available.

SENATE FLOOR DEBATE

On Thursday, the Senate debated three important health bills. The first bill was SB 255, which would create the Cancer Research and Public Information Trust Fund and provide \$5 million in annual funding. The second bill, SB 409, makes permanent the quality care assessment imposed on skilled nursing facilities. The third bill, SB 225, amends the hospital provider assessment rate and membership of the healthcare access improvement panel. Debate involved whether any of the measures would increase health insurance premiums. Sen. Baumgardner successfully amended the bill to broaden the membership on the health access improvement panel.

The Senate also approved SB 140, which establishes an income tax credit for contributions to the Eisenhower Foundation. The bill provides for \$350,000 in non-refundable tax credits for contributions to the foundation for the next five years.

KDOR RELEASES FEBRUARY REVENUE NUMBERS

On Monday, the Kansas Department of Revenue (KDOR) released the Kansas revenue numbers for February, which were \$448.3 million. These numbers exceeded the estimate by more than \$63.6 million and more than 17% above February of 2019. Individual income taxes increased \$30.5 million above the estimate. Corporate income tax collections were 10.1% above the estimate at \$7.2 million. This is an increase of \$3.2 million compared to February FY 2019.

KDOR noted that revenues from delinquent tax collections, included in February receipts, have also increased substantially this fiscal year. Debt collections through January from past tax years are up 16.8% over the previous fiscal year, \$113.1 million compared to \$96.8 million. Individual income and withholding represent about 52.7% of total delinquent collections, and sales and use taxes represent about 40.3%.

MARCH MADNESS

Last week, we officially passed the midway point of the Legislative session. There are only two weeks left for non-exempt committees to consider bills from the other chamber. The next major deadline is the Second House Consideration on Mar. 25. Both chambers will be on the floor debating bills Mar. 23-25. First adjournment is scheduled for April 3, with the veto session opening on April 27.

This weekend, Democrats will be celebrating their annual Washington Days event in Topeka.

BILL INTRODUCTIONS

TAXATION

SB 294 – As amended by the Senate Committee of the Whole, would establish notice and public hearing requirements, prior to approval by a governing body, to exceed a revenue-neutral rate for property tax purposes. Referred to the Senate Committee on Taxation, Sen. Steven Johnson, Chair.

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COURTS, LAWS, AND REGULATIONS

SB 424 – As amended by the Senate Committee of the Whole, would amend several provisions of the Kansas Corporate Code regarding business entities and business filings. Referred to the Senate Committee on Commerce, Labor and Economic Development, Sen. Sean Tarwater, Chair.

SB 478 – Would authorize the Kansas Development Finance Authority to issue bonds to construct a veteran's home in either Leavenworth or Wyandotte County. Referred to the Senate Committee on Way and Means, Sen. Carolyn McGinn, Chair.

SB 479 – Would require the Kansas Commission on Veterans' Affairs to submit an initial application to the U.S. Department of Veterans' Affairs for a grant to build veterans' homes in either Leavenworth or Wyandotte County. Referred to the Senate Committee on Way and Means, Sen. Carolyn McGinn, Chair.

SB 480 – Would authorize the Kansas Development Finance Authority to issue bonds for the construction of a state veteran's home in Douglas, Jefferson, Leavenworth, Shawnee, or Wyandotte counties. Referred to the Senate Committee on Way and Means, Sen. Carolyn McGinn, Chair.

UTILITIES

SB 482 – Would prohibit the Kansas Department of Health and Environment from amending or adopting rules and regulations that would create new or greater air quality control fees. Referred to the Senate Committee on Utilities, Sen. Ty Masterson, 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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As a partner at Foulston Siefkin, Jim's practice focuses on employee benefits law relating to public, private, governmental, and tax-exempt organizations. A large part of his work involves insurance regulatory and compliance

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issues in many industries, including healthcare. Jim has been selected by his peers for inclusion in The Best Lawyers in America® and the Missouri & Kansas Super Lawyers® list. He is the firm's representative with State Law Resources, Inc., a national network of independent law firms selected for their expertise in administrative, regulatory, and government relations at the state and federal level.

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