

This Week *in Topeka*

Overland Park Chamber

*Business, Economic Development & Local Government News
from the Legislative Session Week of February 18 – February 22, 2019*

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Week six has drawn to a close and with it comes the end, for the most part, of the committee hearing process for bills in their house of origin. Next week the legislature will turn its collective attention to a long list of bills that have been cued up for debate on the house and senate floors. Each session a series of procedural deadlines are built into the process to cull the list of active bills and keep the process moving forward toward adjournment. Next week's heavy floor action is a result of the approaching "turn around" deadline on February 28th.

Turn around, as it is commonly known, is the point where all non-exempt bills must be passed out of their house of origin to remain alive for further consideration. All non-exempt Senate bills must be passed out to the House and vice-versa. Bills can be considered exempt if they are introduced or have touched one of several designated committees in which case those bills are exempt from procedural deadlines. Of course, no idea is truly dead, so statehouse watchers must be on the lookout for amendments adding language into bills that are still moving through the process.

Here's a look at a few high-profile issues getting attention through the first six weeks of session...

Electric Rates – we've reported on this quite a bit and the discussion continued with consideration of a proposal to conduct an independent rate study. Opponents raised serious concerns about the impact of the bill. In fact, one conferee referred to Senate Bill 69 as, "a wolf in sheep's clothing" arguing the bill extends well beyond a basic study of rates and dramatically changes how rates are set in Kansas while calling for a costly duplication of work that has already been done. Proponents continue to argue for the need to reduce electric rates in Kansas and claim additional study could produce information that would help reach that goal. Due to uncertainty in the bill language the

chairman of the Senate Utilities Committee has delayed further consideration of the bill urging stakeholders to work out a compromise.

KanCare Expansion – KanCare, the state’s Medicaid program, has been the source of a lot of attention but actual legislation approving expansion has not yet gained any serious momentum. Proponents entered the session with enthusiasm following the election of Governor Kelly, who is a proponent of expansion. However, a large block of skeptical lawmakers makes this a difficult lift. Look for proponents to continue keeping awareness and pressure high while searching for creative ways to ultimately get legislation on Governor Kelly’s desk.

K-12 School Funding – As the April 15 Kansas Supreme Court deadline approaches lawmakers and stakeholders are still working toward resolving this long-standing and vexing problem. Last year the legislature added \$525 million into K-12 education over the next five years but the Court ruled that the legislature’s action did not account for inflation. Governor Kelly proposed adding \$90 million per year into the K-12 budget in an attempt to resolve the problem – a move that proponents and plaintiffs applauded. Lawmakers, however, have not reached consensus on the governor’s proposal or on a solution of their own just yet. Watch this issue closely as lawmakers face a quickly-approaching deadline to respond to the Kansas Supreme Court.

Economic Development – After a lot of discussion between opponents and proponents of HB 2006 – the economic development transparency bill – common ground was found that produced a couple of amendments to the bill. The amendments accomplish several key objectives: more public transparency; protection of sensitive and private information; and, regular review of economic development incentive programs to ensure a return on the investment of taxpayer resources. The bill is cued up for debate next week in the house. The Chamber has supported transparency and regular review of economic development programs. At the same time, we worked closely with our partners and lawmakers to include appropriate language protecting confidential information.

Taxation – The highest profile bill of the session so far is the “decoupling” bill providing individual taxpayers the ability to itemize their tax returns even if they choose the standard deduction at the Federal level. This bill is a reaction to the 2017 Federal Tax Cuts and Jobs Act that substantially increased the standard deduction for individuals and offered businesses an opportunity to repatriate revenue that was generated overseas. The bill (SB 22) passed the Senate on a 26-14 and was considered by the House Taxation Committee earlier this week. The Chamber has urged lawmakers to

proceed slowly and cautiously as this bill impacts the budget and could create challenges for other priorities including school funding and transportation.

Online Sales Tax - Brick-and-mortar retailers are facing increasing challenges competing in the world of e-commerce and to many, including the Chamber, the issue of sales taxes being applied to online purchases is a matter of fairness and creating a level playing field. The House Taxation Committee tackled this issue with HB 2352. The bill would modify Kansas law allowing the state to collect taxes on online sales – a move that was opened up with the recent legal challenge and ruling in *South Dakota v. Wayfair*. The bill includes a provision that sales taxes would only be collected from online retailers surpassing a \$100,000 threshold in sales. This would protect very small, occasional online sellers. The bill has not yet passed out of committee but is an exempt bill so look for action on this later in the session.

Worker's Comp – Several bills related to worker's compensation were introduced but so far only one of those bills (HB 2260) was scheduled for a hearing. The Chamber was prepared to weigh in on HB 2260 as it would have increased costs to businesses with no guarantee that workers would receive better care, but the hearing was cancelled. The priority issue with worker's compensation is whether Kansas will use the 6th edition or 4th edition of the American Medical Association's Guides to the Evaluation of Permanent Impairment for medical determination's in worker's compensation cases. A recent legal challenge and ruling has created some confusion on which edition is to be used in Kansas, so legislation is expected to clarify which edition is to be used in Kansas worker's compensation cases.

Transportation – Legislation enacting the recommendations of the Transportation Task Force has been introduced in both chambers but as of this writing no movement has occurred. Specific legislation around transportation issues are moving slowly as lawmakers and officials from the Kansas Department of Transportation assess currently approved, but unfunded, projects. The goal is to carry out those projects while strategically planning for future projects throughout the state. The Chamber continues to advocate for improvements and enhancements to U.S. 69 and ensuring that the stretch of this route south of 435 is prioritized.

Key Meetings – a small delegation of Chamber staff, Chamber Board Chair Mike Hess, Overland Park Mayor Carl Gerlach and Overland Park City Manager Bill Ebel braved the snowy roads earlier this week to take our message to Governor Laura Kelly and Commerce Secretary David Toland. The delegation used both meetings to discuss key projects in Overland Park, including expansion of U.S. 69, and share our thoughts on legislation progressing through the legislative process.

Upcoming Events

Legislative Breakfast Series. Breakfast #3 in our series held in conjunction with the Johnson County Public Policy Council begins at 7:30 a.m. on Saturday, **March 23**. Panelists will be: Senator Dinah Sykes; Representative David Benson; Representative Tom Cox; Representative Jerry Stogsdill; Representative Sean Tarwater and Representative Brandon Woodard. To register, [click here](#).

Public Policy Committee Meeting. The next meeting of the **Public Policy and Advocacy Committee** will be noon-1:30 p.m. on **Friday, March 8** at the Chamber. To register, [click here](#).