



BRADEN · HEIDNER · LOWE
& ASSOCIATES

LEGISLATIVE REPORT



GREATER KANSAS CITY CHAMBER

JANUARY 17, 2020

OVERVIEW

Happy New Year! The turning of the calendar to 2020 ushers in a new legislative session in Topeka. The 2020 Kansas Legislative Session officially started on Monday, January 13. House and Senate members returned to the state capitol to resume last session's business and tackle new issues. Since 2020 is the second session of the two-year cycle, all legislation that was alive at the end of the 2019 session becomes active again. Moreover, new legislation is being introduced. Combined with the fact that all House and Senate seats are up for election in 2020, legislators are hoping for an early May adjournment in order to allow time for campaigning over the summer.

The first few days of session were generally organizational in nature with committees meeting to review rules and introduce bills. The highlight of the week was Governor Kelly's State of the State address provided to the Legislature. Governor Kelly outlined her priorities for the new session, including a stable budget, compromise for Medicaid Expansion, new comprehensive transportation plan and relief on sales tax for food. In the hallways, the biggest buzz surrounds the Medicaid Expansion compromise between Governor Kelly and Senate Majority Leader Jim Denning, which is a new bill (SB 252). SB 252 appears to be supported by a majority of the Senate, thus inferring it can pass the Senate if debated. Time will tell how the bill proceeds and what changes might be made by the House.

Next week will see increased activity in committees and the swearing in of Mike Thompson, former meteorologist in Kansas City, to take the place of retiring Senator Mary Pilcher Cook. Committees will see more bill introductions and may hold hearings on new bills or legislation introduced last session.

MEDICAID EXPANSION ACTION

Medicaid expansion, SB252, will be heard in the Senate Public Health Committee on January 23, 24, 27, 28. Proponents will give testimony on January 23 and 24 and opponents on January 27 and 28. SB252 is the compromise bill between Governor Kelly and Majority Leader Jim Denning. The bill includes full expansion, a work referral program, reinsurance waiver, fee establishment for MCO's and hospitals to support the plan. The Governor's budget set aside \$17.5 million for FY2021 for Medicaid Expansion effective January 1, 2021 and \$35 million for FY2022.

WORKFORCE DEVELOPMENT

Governor Kelly is keeping the promise to Kansas schools by continuing to increase the base aid per pupil in the budget. The next four years increases are: FY2020 is at \$4,436; FY2021 \$4,569; FY2022 \$4,706; FY2023 \$4,846 and beyond the prior year plus CPI. Special Education Services Aid will increase from \$497.9 million to \$505.4 million in FY2021 and mental health intervention will increase from \$9 million to \$14 million.

Governor Kelly's budget includes \$5 million for higher education need based aid; \$14.8 million for higher education black grant and \$8.5 million for career and technical education. Of the \$85 million request by higher education, the Governor's budget includes \$28.3 million.

The Corrections and Juvenile Justice Committee will hear the Kansas Criminal Justice Reform Commission's report on January 23.

TRANSPORTATION PLAN

The Governor's budget transfers \$158.7 million from the state highway fund to the state general fund for FY2021. This is \$73.1 million less than in FY2020 – or it means that the state highway fund will have \$73.1 million more in FY2021. It is planned that by FY2023 will end the transfers.

The Senate Transportation Committee will hear a report next week from the Kansas Department of Transportation. The House Appropriations Committee will also have a presentation on the Transportation plan by Secretary Lorenz on Tuesday.

FISCAL RESPONSIBILITY

The Governor's Council on Tax Reform recommendations provide food sales tax relief, property tax relief, and level the playing field by modernizing sales tax laws. Replacing the current non-refundable food sales tax credit with a new refundable food sales tax credit will provide \$53.2 million in food sales tax relief beginning in tax year 2020. Repealing the current non-refundable food sales tax credit after December 31, 2019 will save approximately \$10 million in SGF receipts in FY 2021.

The Governor has also prioritized property tax relief. For the first time since 2003, the budget includes resuming the State General Fund transfers to the Local Ad Valorem Tax Reduction Fund. This will provide \$54.0 million in local property tax relief beginning in FY 2021.

Requiring marketplace facilitators to start collecting sales taxes will increase State General Fund revenues by \$22.4 million in FY 202 and requiring sales taxes to be collected on the sales of digital property and subscription services is estimated to increase State General Fund revenues by \$25.0 million in FY 2021.

Multiple property tax bills relating to appraisals, appraisers, Board of Tax Appeals, notification, and property tax valuation and relief are being introduced by the Senate Tax Committee and will begin hearings next week.

Economic development will receive a great deal of attention this session. Last week the Department of Commerce provided an overview of the Rural Opportunity Zones. This coming week the House and Senate Commerce Committees will have a joint meeting to hear presentations by Legislative Post Audit on the Economic Development Initiatives Fund and the Job Creation Program Fund audits. On February 3 the same joint Committee will hear an update on STAR Bonds and Kansas City border war.

LINKS TO NEXT WEEKS CALENDAR

http://www.kslegislature.org/li/b2019_20/chamber/documents/daily_calendar_house_20200116142948.pdf
http://www.kslegislature.org/li/b2019_20/chamber/documents/daily_calendar_senate_20200116171050.pdf

QUESTIONS?

Please contact: Sandy Braden, President, Braden Heidner Lowe & Associates
Email: sandy@bhlandassociates.com Office: 785-233-4512