



## **Community Bankers Association of Kansas Legislative Update**

**January 18, 2019**

### **Overview**

We have transitioned to the Laura Kelly Administration and the newly reconstituted Kansas House and a slightly modified Kansas Senate. The first day of the session began on Monday, January 14<sup>th</sup> when the Governor and Lt. Governor were sworn into office. New House and Senate members were sworn in on the same day as well. The inaugural ball was held on the 14<sup>th</sup>, the State of the State is scheduled for the Wednesday the 16<sup>th</sup>, and the Governor's budget should be released on the 17<sup>th</sup>.

### **2018 Elections and Impacts**

In addition to the Governor's race, House members faced reelection last fall.

In general, there will be significant change in the composition of the Kansas Legislature. The House will be a bit more conservative as the moderate Republicans lost a few seats to both conservative Republicans and Democrats. There will not be significant change in the Senate either other than conservative Republicans picked up a conservative appointment due to a vacancy. Most significantly, two moderate Republicans joined the Democratic Party, shifting the Senate partisan division from 30-9-1 (one independent) to 28-11-1. Both chambers in January 2019, however, will need to begin working with the Kelly administration after eight years of the Brownback/Colyer administration. The political dynamics between the legislative and executive branches will be very different with a new Governor.

### **House**

- 29 new House members. (34 were new after the 2016 election).
- The current Republican majority dropped from 85 to 84 when Republican moderate Stephanie Sawyer Clayton (D-Overland Park) changed parties.
- The current Democratic total increased from 40 to 41 with the addition of Clayton. Democrats lost four seats to Republican challengers but picked up five including Clayton.
- Combined between the primary elections and general election, the Republican caucus is estimated to shift from a roughly equal division between those generally moderate and those generally conservative to an approximately 50-34 split in favor of the conservatives.

House Leadership Changes  
Republicans 84 of 125 seats.

House Republicans affirmed their more conservative position with the easy re-election of House Speaker Ron Ryckman (R-Olathe) while all the remaining majority party positions were taken from moderates or remained in the hands of confirming a more conservative majority controlling the House. Perhaps most significantly, conservatives backed Dan Hawkins (R-Wichita) to replace Don Hineman (R-Dighton) as majority leader. That position controls legislation that sees action on the House floor. Other newly elected majority party leaders

include Les Mason (R-McPherson) Assistance Majority Leader; and Blaine Finch (R-Ottawa) won speaker pro tem.

Democrats 41 of 125 seats.

House Democrats opted a less confrontational leader when long-time legislator and previous minority leader Tom Sawyer defeated incumbent minority leader Jim Ward. Other minority party leadership includes Valdenia Winn (D-Kansas City) assistant minority leader.

House Committee Changes

The election of more conservative Republican leaders means the committees for the most part have become more conservative. A list of key committee assignments is attached.

### **Senate**

Despite having only one seat up for a public vote, there is significant change in the Senate in advance of 2019.

- One seat was open in southeast Kansas. Republican appointment Richard Hildabrand (R-Galena) was elected to his first full term.
- Senator Barbara Bollier (D-Mission Hills) switched political parties from Republican to Democrat on December 12<sup>th</sup>. Following her move, Senator Dinah Sykes from Lenexa switched her registration from Republican to Democrat. These moves shift the distribution of the Senate to 28 Republicans and 11 Democrats and one independent (John Doll).
- Secondary impact: Senator Laura Kelly (D-Topeka), Senate Lynn Rogers (D-Wichita), and Senator Vicki Schmidt (R-Topeka) were all elected to statewide office and local partisan precinct members filled their positions until the next election.
  - Kelly seat: Rep. Vic Miller (D-Topeka).
  - Rogers seat: Mary Ware (D-Wichita).
  - Schmidt seat: Eric Rucker (R-Topeka).
- Senate Republican Leadership has made changes to some committee chairs but there has been no final decision on membership appointments yet.

### **Community Bankers Association Issues**

As the 2019 session begins, we are monitoring and reporting on financial institutions issues, tax policy, and other issues impacting your business and customers. We will have updates on the upcoming issues as they arise. It is worth noting that the House has created a new committee, the Rural Revitalization Committee that Don Hineman (R-Deighton) will chair. They will be looking at health, economic development, environment and other issues presenting challenges in rural Kansas.

House financial institutions will have the same chair, a new vice-chair, and only four returning members.

Financial Institutions and Pensions (M/W) (281-N): Jim Kelly, R-Independence, Chair; Boyd Orr, R-Fowler, Vice Chair; Gail Finney, D-Wichita, Ranking Minority; David Benson, D-Overland Park; Doug Blex, R-Independence; Suzi Carlson, R-Clay Center; Tom Cox, R-Shawnee; Leo Delperdang, R-Wichita; Brenda Dietrich, R-Topeka; Stan Frownfelter, D-Kansas City; Megan Lynn, R-Olathe; Leonard Mastroni, R-LaCrosse; Bill Rhiley, R-Wellington; John Toplikar, R-Olathe; Barb Wasinger, R-Hays; Virgil Weigel, D-Topeka; and Rui Xu, D-Westwood.

House Taxation will have eleven new members.

Taxation (112-N): Steven Johnson, R-Assaria, Chair; Les Mason, R-McPherson, Vice Chair; Jim Gartner, D-Topeka, Ranking Minority; John Alcalá, D-Topeka; Dave Baker, R-Council Grove; John Barker, R-Abilene; Stephanie Clayton, D-Overland Park; Susan Concannon, R-Clay Center; Ken Corbet, R-Topeka; Chris Croft, R-Overland Park; John Eplee, R-Atchison; Henry Helgerson, D-Wichita; Don Hineman, R-Dighton; Jim Kelly, R-Independence; Tom Phillips, R-Manhattan; Richard Proehl, R-Parsons; Ken Rahjes, R-Agra; Jerry Stogsdill, D-Prairie Village; Jack Thimesch, R-Cunningham; John Toplikar, R-Olathe; Barb Wasinger, R-Hays; Kathy Wolfe Moore, D-Kansas City; and 58th House District Representative.

In a very controversial move, Senate President removed Senator Jeff Longbine as Chair of the Senate Financial Institutions and Insurance Committee. Senator Rob Olson from Olathe will replace Longbine as chair. It's unclear why the Senate President made this and a few other committee reassignments.

Senate Financial Institutions and Insurance has a new chair and four new committee members. Chair Rob Olson; Vice Chair Sen. Rick Billinger; Ranking Minority Member Mary Ware; Bruce Givens; Eric Rucker; Dennis Pyle; Richard Hildabrand; Rick Wilborn, Dinah Sykes.

Senate Assessment and Taxation has the same chair and two new members. Chair Caryn Tyson; Vice Chair Dan Kerschen; Ranking Minority Member Tom Holland; Larry Alley; Dan Goddard; Julia Lynn; Mike Petersen; Jeff Longbine; Vic Miller.

### **Upcoming Issues**

The Governor-elect and the legislative leadership right now are shaping two of the critical components of State government: State agency leadership including cabinet secretaries and legislative committee leadership and committee assignment. The Governor is continuing to fill positions. The more conservative Legislature will have to consider how legislation they consider and potentially send to the new Democratic Governor will be received. The House and Senate together can pass a great many bills, but it is very uncertain they have a strong enough majority in either chamber to override a veto. The Governor, therefore, may face many bills she may not support or outright oppose, and she can veto many of them. However, she will also need to consider the impact on her supporters, Democrats and moderate Republicans, who may have to back the Governor. Almost every issue during the next two sessions will be considered as to how it will impact the 2020 election for every House member and every Senator who all face reelection.

### **Impact of Election Results**

The new Governor and new House and Senate Committees will be confronted immediately and continually during the session by several big picture issues of significance.

- Supreme Court response to the June 24<sup>th</sup> Gannon decision regarding additional funding to address inflationary increases. Are there votes for an additional funding amount increase and how soon in the session might this be addressed? As usual, it is unlikely additional funding will be approved until late in the session pending all other budget issues and the next round of budget estimates.
- Federal tax change windfall that failed at the end of 2018 session.
  - Senate Taxation has already begun hearings on this issue with Senate Bill 13 that will return an estimated \$93 million to tax payers to address the 2018 federal tax law. The Kansas Bankers Association, in Tax Committee, added an amendment that will allow full deductibility for the premium banks pay to FDIC to insure depositors' accounts.
- Medicaid expansion.

- Reduction in sales tax on food.
- KanCare (the State's Medicaid contracted managed care program) renewal, modifications, or abolition?

### **Wrap Up**

The Governor's State of the State address and proposed budget make the beginning of the session that will likely be long and challenging.

Shawn P. Mitchell, President  
Community Bankers Association of KS  
5897 SW 29<sup>th</sup> Street  
Topeka, KS 66614  
785-271-1404 Office  
shawn@cbak.com  
www.cbak.com

Stuart J. Little, Ph.D.  
Little Government Relations, LLC  
800 SW Jackson, Ste. 1100  
Topeka, Kansas 66612  
785-235-8187 Office  
stuartjlittle@mac.com  
www.lgrkansas.com