



Community Bankers Association of Kansas

Legislative Update

February 15, 2019

Overview

It was a hectic week at the Statehouse, filled with a last-minute frenzy of bill introductions and hours of debate in both Chambers on a range of issues, from abortion to re-amortization of the KPERS fund. The week also saw its share of interesting bill introductions, to say the least—running the gamut from banning plastic straws in restaurants to making it a crime to abandon a human corpse to designating the state dance as the polka.

But, on to more important matters. Some of the big issues remain school finance and whether the Legislature will approve funding to satisfy the State Supreme Court's ruling in *Gannon VI* and the Governor's 30-year re-amortization plan for the KPERS trust fund. Several education-related bills were introduced this week and school finance and tax policy continued to dominate and shape the session and the Governor's budget proposal. Finally, several bills were introduced from both Chambers this week pertaining to increasing BASE aid and continuing the 20-mill statewide levy for schools. The major school finance bill, [Senate Bill 44](#) remains in the Senate Select Committee on Education committee with additional hearings. School finance is supposed to be resolved by mid-March and it looks like that may not happen.

On the revenue side, the House on Thursday debated the Governor's KPERS re-amortization bill, which would amortize the state and school KPERS actuarial accrued liability over 30 years, generating about \$170 million but increasing the long-term payments. Ultimately, the House fought off efforts to add a cost of living adjustment for KPERS members and the bill failed to advance to a final action vote. The House does not want to amortize but they are about to receive from the House Appropriations committee and vote to authorize the transfer of \$115 million from the state general fund to make a long-delayed KPERS payment. We also anticipate the House will take up [Senate Bill 22](#) which amends Kansas tax law to allow individual and corporate state itemized deductions and provides for the repatriation of overseas funds. The House will likely take up and pass the bill on to the Governor in the next two weeks.

One of the more interesting and troubling bills for our industry is [House Bill 2254](#). On Tuesday, February 12th [Representative Tim Hodge \(D-House District 72\)](#) introduced House Bill 2254. H.B. 2254 would **require** banks to make subprime loans worth at least 5% of the bank's capital to borrowers who have either nonexistent credit scores, or credit scores of less than 620. The bill is in House Financial Institutions Committee and does not have a hearing scheduled.

Other notable issues include the Governor's cancelation of multi-million-dollar family preservation contracts that has been granted without a bid process and awarded to a contract who did not seek the contract. The Department of Transportation and the Governor's plan to increase funding for the department began work on major road and highway projects including several of the 21 outstanding projects. Finally, House Tax introduced the bills necessary to collect up to \$70 million per year in internet sales taxes.

We are two short weeks away from being halfway through the 2019 Legislative Session. The halfway point, or Turn Around, is the point by which bills approved in both Chambers are sent to the other Chamber for debate. All non-exempt bills after Turn Around are dead. Many issues remain unresolved as we enter the last full week of committee work before that long run on the floor up to the turnaround mid-term break on February 28th.

CBA is here to help protect and to serve community banks. In this role we are watchful for bills such as H.B. 2254 and all other pertinent legislative issues that could significantly impact our Member banks. For details on other legislation that we are actively monitoring please review our most recent KS Legislative Bill Tracker.

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