



Community Bankers Association of Kansas

Week Two Legislative and Policy Update

January 27, 2021

Overview

Week two of the Session was a short week—MLK Day plus two days of mostly cancelled meetings due to security concerns and possible protests at the Statehouse caused a shortened schedule. Additionally, the Governor has signed SB 14, the state of disaster emergency extension, into law. All the provisions associated with the declaration (i.e., telemedicine flexibilities, COVID business and medical liability, and alcohol-to-go) will be extended through March 31st.

Big Picture Issues

Despite a shorter, more disruptive week, both chambers continued their work on some of the bigger topics of the Session.

Tax Issues: The tax committees continue their work on property and income tax legislation. Senate Bill 13, the Truth in Taxation property tax reform bill, awaits a hearing in House Tax on Tuesday, January 26th. The Senate Tax committee wrapped up its hearings on the major individual and corporate income tax bill on Thursday and will likely work the bill next week. As a reminder, this is the legislation Governor Kelly has vetoed the last two years.

State of Disaster Extension: As mentioned above, SB 14 passed both chambers and awaits the Governor's signature. Once that happens, the Legislature will then have until March 31st to look at the state's Emergency Management Act (KEMA) and make any changes. We expect some changes will be made related to liability, local control, penalties and enforcement of executive orders, legislative oversight during states of disaster, as well as carrying forward the flexibilities in telemedicine. On the healthcare side, the issues to be resolved include the permanency of mid-level practitioners expanded authority to practice and which healthcare providers will retain expanded telemedicine services.

Abortion: Both the Senate Judiciary and House Federal and State Affairs committees held hearings last week on the anti-abortion constitutional amendment. The amendment needs a 2/3 majority vote in both chambers in order to pass. The resolution is up for debate in the Senate, and the House will likely take it up next week. Just like last year, we expect a lengthy and charged debate, especially when it comes to placing the amendment on the primary ballot versus the general election ballot.

As we have said before, things are moving quicker than normal this year, largely in an attempt to resolve some of these big issues sooner rather than later in the event the legislative

process is delayed or comes to a halt due to COVID. Committees next week are forging ahead as usual with hearings and action on bills previously heard. Here is what to expect.

Financial Institutions Issues

Economic Recovery & Privilege Tax Legislation

- The Senate Financial Institutions committee held a hearing on SB 15 on Thursday, January 21st. CBA is supporting SB15.
- Proponents included the KBA, Kathy Schwerdtfager with Bank of Tescott in Salina, the Kansas Restaurant and Hospitality Association, and Shane Hanes with Tri-State Bank in Elkhart. Kansas Livestock Association, Renew Kansas Biofuels, the Kansas Chamber, NFIB, and the Kansas Association of Realtors provided written testimony in support.
- The Kansas Co-Op Council provided testimony in opposition.
- The new State Treasurer, former Lt. Governor Lynn Rogers; Heartland Credit Union Association; and High Plains Farm Credit provided neutral testimony.
- The State Treasurers has a few concerns regarding the linked deposit program, namely that it should be narrowed to Kansas residents and businesses, as well as to farm credit associations located in-state. Additionally, Rogers is in favor of instituting a sunset on the program.
- Proponents of the bill argued SB 15 helps address the economic impact of COVID and will contribute to the revitalization of rural communities while benefiting ag borrowers and maintaining local access to credit.
- Credit unions and co-ops, while neutral on the bill, have concerns over the tax exemption and argue that for-profit banks would be taxed in a similar fashion as not-for-profit institutions and thus could create a double standard in the financial sector.
- There may be a few technical amendments to the bill, including ensuring that funds invested in the economic recovery linked deposit program are deposited in financial institutions and businesses located in Kansas, as well as a farm credit-related amendment. Farm Credit is suggestion an amendment that would incorporate 5–40-year maturities, first lien mortgages, and loans originating with 85% of appraised value, so that the bill does not surpass Farm Credit’s federal tax exemption.
- YouTube Link to the hearing: <https://www.youtube.com/watch?v=sUVYlaohBUo>
- The bill is set to be worked Thursday, January 28th.
- The equivalent bill on the House side, HB 2069, was heard in House Financial Institutions and Rural Development on Monday, January 25th. HB 2069 is set to be worked the week of February 1st. CBA is supporting HB2069.

OSBC Legislation

- OSBC introduced their legislation in House Financial Institutions and Rural Development last week. Their proposal would move mortgage provisions in the UCCC under the KMBA. No bill number yet, but we will pass that along once it becomes available.
- KBA and CBA have concerns and will be opposing the legislation.

Upcoming Activities

The legislative schedule of hearings is updated regularly throughout the week can be found in the House and Senate calendars on the Legislature website at:

http://www.kslegislature.org/li/b2021_22/chamber/calendars/

Additionally, all hearings are now available on-line live on YouTube and archived by the end of each day. You can find those hearings on the Legislature website at: <http://sg001-harmony.sliq.net/00287/Harmony/en/View/Calendar/>

Wrap Up

Let us know if you have any questions.

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