



## Community Bankers Association of Kansas

### Legislative and Policy Update

February 8, 2021

#### Overview

We have concluded the fourth week of the session. Four weeks remain to the mid-session break. Bill introductions end for the most part today, Monday February 8<sup>th</sup>. Bills that are going to advance are getting hearings and others are dying without a hearing. The budget hearing process begins full steam this coming week.

As you can see below, there is a growing list of committee activity on a variety of issues.

#### Big Picture Issues

Medicaid Expansion: The biggest news out of the Statehouse this week was undoubtedly the Governor's proposal to fund Medicaid Expansion through the legalization of medical marijuana. The announcement has caused some brouhaha from both policymakers and healthcare organizations. It is unlikely the plan to use revenues from medical marijuana to fund the state's share of expansion will garner support with the majority party. There could be a majority to pass both pieces of legislation but the majorities for each proposal are not the same folks. We are watching but do not expect the proposal to receive a hearing.

Taxes: Various tax issues continue to make their way through the process, most notably SB 22, the major income tax cut bill. The Senate Tax committee this week forwarded an amended version of the bill to the full Senate, who will likely take up the bill in the next couple of weeks. The amended bill removes a couple of provisions and removes several retroactive provisions of the bill, which reduces the fiscal impact of the bill by about \$200 million. The trimmed down bill is less likely to be vetoed and if it is vetoed, more likely for the veto to be overridden. Finally, the bill eliminating the tax lid and implementing a different set of requirements on local government entities passed the Senate and remains in House Tax committee.

COVID: The rollout of the COVID-19 vaccine continues to be a hot topic for lawmakers. A group of Republican senators have voiced their dissatisfaction with the Governor's vaccine rollout plan and passed a resolution condemning the Governor for her plan that includes vaccinating incarcerated individuals before the general public. The Senate debated the issue for several hours last Thursday and ultimately passed the resolution 28-8.

Legislators and statehouse staff, who want it, began receiving vaccination shots.

K-12 Education: Education issues are heating up as well. Both House and Senate Committees have passed bills that alter and expand the state's scholarship to be used for private schools. The issue is shaping up as a significant ideological battle between education supporters and critics of how schools have responded to COVID.

Bills: Bill introductions will continue for the next week, though most bills introduced at this point will not get hearings. We are now one month away from Turnaround Day, the mid-point of the session and the last day for non-exempt bills to pass their Chamber of origin.

## **Financial Institutions Issues**

### Economic Recovery & Privilege Tax Legislation

- The Senate passed SB 15 as amended 39-0 on Monday, February 1<sup>st</sup>.
- The sole floor amendment raised the cap from 100 employees to 200 employees for eligible businesses in the Economic Recovery Loan Program.
- The link to the bill as passed by the Senate:  
[http://www.kslegislature.org/li/b2021\\_22/measures/documents/sb15\\_02\\_0000.pdf](http://www.kslegislature.org/li/b2021_22/measures/documents/sb15_02_0000.pdf)
- The link to the supplemental note (bill summary):  
[http://www.kslegislature.org/li/b2021\\_22/measures/documents/supp\\_note\\_sb15\\_02\\_0000.pdf](http://www.kslegislature.org/li/b2021_22/measures/documents/supp_note_sb15_02_0000.pdf)

### New Bills of Note This Week

- HB 2189: Payday and high interest loans. Providing restrictions, lender reporting and other requirements for alternative small installment loans made under the UCCC.
  - The bill caps open end credit at 36%. Closed end increases from the dual rates of 36%/21% to all 36%.
  - Link to the bill here:  
[http://www.kslegislature.org/li/b2021\\_22/measures/documents/hb2189\\_00\\_0000.pdf](http://www.kslegislature.org/li/b2021_22/measures/documents/hb2189_00_0000.pdf)
- HB 2187: Enacting the first-time home buyer savings account.
  - Hearing on Monday, February 8<sup>th</sup> in House FIRD.
  - Link to the bill here:  
[http://www.kslegislature.org/li/b2021\\_22/measures/documents/hb2187\\_00\\_0000.pdf](http://www.kslegislature.org/li/b2021_22/measures/documents/hb2187_00_0000.pdf)
- HB 2236: Authorizing exclusion of the sales comparison approach in mortgage financing appraisals of certain unique residential real property in rural counties.

### OSBC Legislation

- No movement yet on this proposal.
- OSBC's proposal would move mortgage provisions in the UCCC under the KMBA.
- CBA has concerns and will be opposing the legislation.

### SB 22 Income Tax Bill

- The Senate Tax Committee forwarded to the full Senate an amended version of SB 22. The amendments do a couple of things:
- The first amendment pushes the effective date of the itemized deductions provision back to tax year 2020.
- The second amendment strikes the loss carryback and removes the retroactivity of the bill, which reduces the fiscal impact of the bill. Most of the provisions will now be implemented in tax year 2021 instead of tax year 2020, including the provision allowing banks to deduct their FDIC insurance premiums.
- The revised fiscal note on the bill for the next three years is \$422 million, down from \$614 million for the original bill.
- The Senate may take up the bill late next week, but leadership indicated they wanted some more time to assess the state budget situation before taking action on the bill.

## OSBC State of Banking

- OSBC provided an overview of the state of banking in Kansas to the House FIRD committee and answered several questions from committee members about the impact of COVID on the banking industry in Kansas.
- OSBC spoke about changes they have confronted, such as transitioning to remote bank examinations, to what they are expecting in the coming months when it comes to continued stresses on small businesses, the unemployment rate, and when programs such as PPP and eviction/foreclosure moratoriums end.
- There was also brief discussion about the payday industry and the Biden administration's intent to reverse the relaxation of regulations that took place in the previous administration. OSBC anticipates this will affect the payday lending industry as well as other lenders.

## 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/](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/>

*Monday, February 8.*

House Financial Institutions & Rural Development. 9:00 AM.

- Hearing on SB 15: Economic Recovery Loan Deposit Program and Privilege Tax legislation.
- Hearing on HB 2187: Enacting the first-time home buyer savings account.

*Wednesday, February 10.*

House Financial Institutions & Rural Development. 9:00 AM.

- Final action on SB 15.
- Final action on HB 2187.

## Wrap Up

Let us know if you have any questions.

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