



Community Bankers Association of Kansas

Policy Update – Conclusion of the 2021 Session

May 10, 2021

Overview

The 2021 legislative session concluded in the early hours of Saturday morning and lawmakers managed to resolve a variety of issues in a relatively short amount of time, while leaving a few issues unresolved to be studied and revisited over the interim and next Session. In a few weeks, we will report any veto overrides and housekeeping items (i.e., election of a new Senate Majority Leader) that take place during the single-day Sine Die Session.

Big Picture

The Legislature resolved two major items late Friday, the state budget and K-12 education policy and funding, both measures passing each chamber with minimal debate or questioning. At the beginning of the week, lawmakers got off to a quick start by immediately taking up a handful of the Governor's vetoes and overriding almost all of them, including the major income tax cut bill, SB 50. Senate Republicans failed to garner the votes necessary to override the Governor's veto of SB 55—the transgender sports ban bill—by one vote.

With veto overrides addressed early in the week, lawmakers then turned their attention to wrapping up a handful of items: COVID-19 relief and property tax rebates for businesses impacted by shutdowns and capacity limitations; the state budget; funding for K-12 and various policies related to the low-income student scholarship program and remote learning; and medical marijuana. The House debated for nearly five hours on Thursday a plan to legalize medical marijuana and ultimately passed the plan 79-42, though the Senate did not take up the issue this Session. More on some of the highlights this week:

- Veto Override of Tax Bill: <https://kansasreflector.com/2021/05/03/kansas-republicans-restore-tax-cuts-after-both-chambers-spike-governors-veto/>
- Medical Marijuana debate: <https://kansasreflector.com/2021/05/06/kansas-house-adopts-medical-marijuana-bill-with-bipartisan-majority/>
- COVID relief for business owners: <https://kansasreflector.com/2021/05/05/senate-property-tax-bill-strikes-chord-with-homeowners-schools-and-businesses/>

Again, while most of these issues are resolved for the Session, Sine Die in a few weeks will likely be interesting, when the Legislature returns for one day to override vetoes. The Senate will also elect a new Majority Leader.

Financial Institutions Legislation of Interest

With SB 15 privilege tax legislation/economic loan recovery program and HB 2074 TEFFIs approved by the Governor, as well as the veto override of the major tax bill that includes deductibility of FDIC premiums, there was little action on specific financial institutions-related issues during the one-week wrap-up session.

TEFFI Legislation

- No new developments on TEFFI this week with the legislation having been approved by the Governor a couple weeks ago. There will likely be activity and conversation over the interim on this topic as the pilot program gets underway.
- Senate Substitute for HB 2074: Enacting the technology-enabled trust bank act, providing requirements, fiduciary powers, duties, functions and limitations for trust banks and the administration thereof by the bank commissioner and creating an income and privilege tax credit for certain qualified distributions from trust banks.
 - On or before January 10th, 2022, OSBC is to provide a report to the Senate and House Financial Institutions committees on the progress of the TEFFI pilot and any recommendations, if the Joint Committee on TEFFI has not met.
- Senate passed the CCR 39-0 and the House 103-20; approved by the Governor on April 21st.

Other Legislation

- HB 2187: Enacting the first-time home buyer savings account.
 - Passed the Senate 35-1 and House 119-2 during Veto Session.
 - http://www.kslegislature.org/li/b2021_22/asures/documents/hb2187_enrolled.pdf
- SB 86: Kansas Extraordinary Utility Costs Loan Deposit Program.
 - Similar to SB 88 passed last month to help cities cover the costs of natural gas during the extreme weather event of February 2021. SB 86 simply expands it by allowing wholesale natural gas customers, such as school districts, to apply for some of those funds as well.
 - Similar to the structure of the Economic Loan Recovery Program in SB 15, this will allow the use of \$20 million in PMIB funds to be used for those wholesale natural gas customers to cover the cost of high natural gas bills from February.
 - Loans through this program have a cap of \$500,000 and no loans are to be approved after June 1st, 2021. Additionally, no loan shall be amortized for more than three years for these wholesale customers.
 - SB 86 also changes the implementation date of SB 15 from July 1, 2021, to instead take effect upon publication in the register.
 - Approved by the Governor April 22nd.
- SB 178: Providing for trust company charter conversions.
 - OSBC brought the legislation forward. Currently, the Kansas banking code does not allow a national bank to convert to a state trust company, so this legislation would incorporate trust companies into the conversion statutes. It allows national banks to come into the state as trust companies, and state trust companies can go out of the state as national banks.
 - The Senate Committee amended the bill to “clarify the naming standards for state banks and trust companies and establish a separate naming requirement for trust companies doing business in Kansas in law governing conversion to a state bank.”
 - The Senate passed the bill 39-0 and the House 121-1.
 - Approved by the Governor on April 21st.

Wrap Up

Let us know if you have any questions.

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