



Community Bankers Association of Kansas

September Interim Legislative & Policy Update

September 30, 2021

Overview

Interim meetings and activities are picking up as summer ends and lawmakers begin preparing for the 2022 Session in less than four months. State revenues, Kansas Emergency Management Act (KEMA), and the ongoing pandemic continue to be the major topics of conversation among policymakers and stakeholders. Campaigning for elections in 2022—from the Governor to the Attorney General and Treasurer to all Kansas House members—is also already well underway. As we have said before, between the continuing pandemic, the various elections in 2022, and redistricting, the 2022 Session will be extraordinarily busy.

The interim committee schedule on our topics, including the Joint Committee on Fiduciary Financial Institutions Oversight, has not yet scheduled its one-day meeting.

Big Picture

Legislative Leadership Preparations for 2022

On September 15, the Legislative Coordinating Council, comprised of legislative leadership, sent their legal counsel to work on several projects in preparation for the 2022 session. The assignment is to analyze and make recommendations for legislation to address:

- Federal employee vaccination requirements.
- OSHA rules regarding vaccine requirements or testing for employers with over one hundred employees.
 - (As a note, the OSHA rules do not apply to Kansas local units of government, including unified school districts.)
- Vaccine requirements or testing requirements for providers serving Medicaid and Medicare recipients.

The House Speaker noted the state's ability to respond to federal action may be limited. Experience suggests the Legislature in 2022 will try to restrict federal policy to gain political appeal but the search will confront the historical supremacy of federal policy over state policy. Most of these issues will be litigated. Nonetheless, they will be a large focus of the 2022 session.

Latest News on Emergency Management Act/SB 40

- As reported for the last two months, the constitutionality of SB 40 is still up in the air. On August 24th, the State Supreme Court issued a stay of the District Court's ruling that found SB 40 unconstitutional, effectively allowing, at least for now, SB 40 to operate.
- Though SB 40 is currently in effect, some of the provisions, including the ability to file a grievance with a school district for actions taken to stop the spread of COVID, are not valid because they were also tied to the state of disaster, which expired in June.

- The latest on this issue: <https://kansasreflector.com/2021/08/24/kansas-supreme-court-issues-stay-of-lower-courts-rejection-of-emergency-management-law/>
- Again, the Court is likely to make its decision on the issue sometime later this fall.

State Revenue Update

- In short, over the last several months, the state has continued to consistently rebound from economic challenges posed by the ongoing pandemic. The state ended the fiscal year with a \$2.1 billion ending balance, double the amount of the highest ending balance since 1996, according to legislative research. The \$2.1 billion ending balance is well above the constitutionally required ending balance of 7.5% of total expenditures.
- For Fiscal Year 2022, the state is anticipated to have a roughly \$1.3 billion ending balance, which equates to an ending balance 15.6% of total expenditures.
- The Consensus Revenue Estimate in November will provide even further fiscal updates and updated information for the next 18 months on projected revenues, expenditures, and ending balances.
- The Legislative Research Department's summary of Fiscal Year 2021 receipts can be found here:
http://www.kslegislature.org/li/b2021_22/committees/ctte_leg_budget_1/documents/testimony/20210831_23.pdf
- Tax revenues for this August alone were \$85.5 million over August 2020, totaling \$629 million.
- A more in-depth breakdown of last month's receipts can be viewed here:
https://governor.kansas.gov/wp-content/uploads/2021/09/02_August_Revenue_FY2022_09-01-2021_Final.pdf

Latest on SPARK Executive Committee

- The SPARK Executive Committee continues to meet, and while previously off to a slow start, may begin meeting more frequently as decisions around structure and procedure were hammered out last week, as detailed briefly below.
- On September 8th, the SPARK Executive Committee approved changes to its structure, including the following:
 - The four priority areas include Economic Revitalization, Health & Education, Connectivity, and Efficiency & Modernization. (The Health & Education priority area is to include topics such as behavior health and early childhood education).
 - Advisory panels for each priority areas will consist of 8-10 experts selected by the Executive Committee.
- The Executive Committee also decided on the following proposed timeline for allocation of funds:
 - Round I: Allocate up to \$500 million by 12/31/21.
 - Round II: Allocate the remaining \$834 million (minus the portion reserved for the unemployment insurance trust fund) by 7/31/22.
 - Round III (As needed): Allocate or reallocate any remaining or additional funds by 12/31/22.
- On September 10th, the Executive Committee approved \$50 million in federal ARPA funds for premium pay for frontline nurses and healthcare workers across the state.

Further details here: <https://governor.kansas.gov/governor-laura-kelly-announces-funding-for-frontline-nurses-and-care-workers/>

Financial Institutions Issues.

Federal Issue

- ICBA and CBAK are pushing back at the federal level on IRS reporting proposal that requires banks to report customer account information including annual reports on transactions over \$600.
- The stated IRS goal is to collect an additional \$460 billion over ten years.
- States are communicating their opposition to members of their U.S. Congressional delegations.

Interim Committee

- Joint House and Senate interim committee appointed, Fiduciary Financial Institutions Oversight.
- The one-day meeting to review the TFFI program, passed in Senate Sub. for House Bill 2074, during the 2021 has not yet been scheduled. The summary of Senate Sub. for House Bill 2074 can be found here:
http://www.kslegislature.org/li/b2021_22/measures/documents/summary_hb_2074_2021
- The joint committee membership includes:
- Chair Rep. Jim Kelly, Vice Chair Sen. Jeff Longbine
 - Senate: Sen. Michael Fagg, Sen. Ty Masterson, Sen. Jeff Pittman
 - House: Rep. Gail Finney, Rep. Nick Hoheisel, Rep. Stephen Owens, Rep. Rui Xu

Wrap Up

Let us know if you have any questions.

Shawn P. Mitchell, President
Community Bankers Association of KS
5897 SW 29th 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