



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

January 31, 2022

Overview

Much like last week, this week filled up with informational briefings and bill hearings, all while redistricting raged in the background. After passing the Senate last Friday 26-9, the Republican-authored congressional map passed the House this Wednesday 79-37. A gubernatorial veto is almost guaranteed, and then the Legislature will, of course, attempt to override the veto. Potentially, the issue may end up before the Court.

Next week is when work on some of the big issues begins. Most committees have heavy agendas set for debate on some high-profile education and COVID-19 related matters, in addition to more hearings on bills that would eliminate the state sales tax on food. Additionally, budget hearings begin next week and will be much of the focus for the next few weeks.

Of note this week, KBA introduced SB 400, which will be heard in Senate Financial Institutions on Wednesday, February 2nd. SB 400 updates certain requirements and conditions relating to the creation, modification, and termination of trusts in the Kansas uniform trust code and updates the definition of resident trust for tax purposes.

Big Picture Issues

First Hearings on Food Sales Tax Elimination

- The House Tax Committee this week held the first round of hearings on two bills that would eliminate the state sales tax on food. The committee heard both HB 2484 (the committee bill) and HB 2487 (the Governor's plan).
- Major differences between the two bills:
- **HB 2484/SB 339:**
 - Includes prepared food in the definition of food and food ingredient. (Thus, causing a much larger fiscal note for the bill).
 - HB 2484 does not hold the State Highway Fund (SHF) harmless.
 - Does not exempt local sales tax on farm products sold at farmers' markets.
 - Implementation date is 1/1/23.
- **HB 2487/SB 342:**
 - Does not include prepared food.
 - Holds the SHF harmless.
 - Exempts from state and local sales tax farm products sold at farmers' markets.
 - Implementation date of July 1, 2022.
- Proponents for HB 2484 included Representative Corbet (R-Topeka), the Kansas Association of Counties, AARP, the Kansas Restaurant & Hospitality Association, the

Retail Grocers' Association, and the Sisters of Charity of Leavenworth. Many of these proponents were also in favor of HB 2487.

- Neutral testimony was provided by Washburn University; Kansas Policy Institute; the Kansas Chamber; Tobacco Free KS; Economic Lifelines, the Kansas Contractors' Association; Kansas Appleseed; and the Tax Foundation.
- Farm Bureau opposed the legislation.
- The Senate Tax Committee will hold its hearings on the Senate bills next week.

Redistricting:

- As mentioned above, the House passed the Republican's congressional map and it is on its way to the Governor's desk, where a veto is expected any day.
- More on the issue and a recap of the House debate here:
<https://kansasreflector.com/2022/01/26/republican-backed-redistricting-map-heads-to-kansas-governor-after-party-line-votes-in-legislature/>
- The legislature will now turn its attention to redrawing state legislative district maps.

SPARK Update

- The Office of Recovery provided an update on the SPARK process to the Senate Ways & Means committee this week, including details about providing input for how to use federal ARPA dollars. The link below provides access to the submission form as well as other helpful documents including a sample submission form and advisory panel funding priority areas:
- <https://covid.ks.gov/spark-submission-form/>
- This FAQ provides more information about the application process and guidelines.

Financial Institutions Related Issues

CBA provided a brief introduction to the House Financial Institutions Committee this past week. TEFFIs continued to be the hot topic this week, and will continue to be so next week, though there will be a couple of KBA bills that get some attention in the coming weeks, SB 400 in particular.

Committee Activity This Past Week

- Again, much of the focus in the financial committees this week was TEFFI, and it will continue to be so for much of the Session. However, Senate FI&I will hold a hearing on SB 400 this coming week, which seeks to modernize the uniform trust code.

Active Bills

New bills are in **bold**.

- **SB 400**: Updating certain requirements and conditions relating to the creation, modification, and termination of trusts in the Kansas uniform trust code and updating the definition of resident trust for tax purposes.
 - http://kslegislature.org/li/b2021_22/measures/documents/sb400_00_0000.pdf
- KBA also plans to introduce a bill that would increase fines and penalties for ATM theft/destruction.
- SB 335 KBA health plan bill: Exempting certain business entities that provide health insurance in the state but are not subject to the jurisdiction of the commissioner of insurance from payment of the annual premium tax.
 - http://kslegislature.org/li/b2021_22/measures/documents/sb335_00_0000.pdf
 - Hearing in Senate FI&I Thursday, January 20th.

- KBA and the Kansas Cooperative Council testified in support. No opposition.
- Likely to be worked within the next couple weeks.
- **HB 2568** KMBA bill from the 2021 Session: Amending the Kansas mortgage business act by providing for mortgage business work at remote locations, license and registration renewal or reinstatement procedures, surety bond requirements and evidence of solvency and net worth and requiring notice when adding or closing branch offices.

TEFFI Bills

- **SB 334**: Amending provisions of the TEFFI Act relating to procedures when undercapitalized or insolvent; fees and assessments; applications; examinations; insurance and capital requirements and disclosures to consumers and requiring such institutions to be mandatory reporters for purposes of elder abuse.
- **SB 337**: Converting the conditional charter issued for the pilot program under the TEFFI Act to a full TEFFI charter.
 - Passed out of Senate FI&I Thursday, January 20th.
- **HB 2489**: Companion bill to SB 334.
 - Heard in House FIRD this week.
- **SB 377**: Authorizing TEFFI insurance companies within the captive insurance act and providing for the requirements and operations thereof.
 - Heard in Senate FI&I Thursday.
- **HB 2554**: Converting the conditional charter issued for the pilot program under the TEFFI Act to a full TEFFI charter.
- **HB 2547**: Authorizing TEFFI insurance companies within the captive insurance act and providing for the requirements and operations thereof.

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/>

Monday, January 31st.

House FIRD. 9:00 AM.

- Hearing on **HB 2568**: Amending the Kansas mortgage business act by providing for mortgage business work at remote locations, license and registration renewal or reinstatement procedures, surety bond requirements and evidence of solvency and net worth and requiring notice when adding or closing branch offices.

House Insurance. 3:30 PM.

- Hearing on **HB 2547**: TEFFI Insurance: Authorizing technology-enabled fiduciary financial institution insurance companies within the captive insurance act and providing for the requirements and operations thereof.

Wednesday, February 2nd.

Senate FI&I. 9:30 AM.

- Hearing on SB 400: Updating certain requirements and conditions relating to the creation, modification, and termination of trusts in the Kansas uniform trust code and updating the definition of resident trust for tax purposes.

House FIRD. 9:00 AM.

- Hearing on HB 2552 TEFFI charter.

Wrap Up

Let us know if you have any questions.

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