



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

February 7, 2022

Overview

Week four was unexpectedly quiet after a midweek snowfall halted most legislative operations. Tuesday was the only full day of work, after a slow start on Monday and then essentially adjourned Wednesday through Friday. Only a small handful of House committees met Thursday, as well as a few Senate budget subcommittees.

Redistricting took a back seat this week as a mad dash to approve the top secret “APEX” economic development bill that passed the Senate last week. This week’s storm stopped some progress on its passage in the House, where it is bottled up in committee with a laundry list of proposed amendments. If passed, the measure would be one of the largest economic development incentives for the State. Though it is still a secret as to what \$4 billion company the State is recruiting, the Legislature, at the behest of the Commerce Department and Governor’s Office, is in a hurry to get the legislation passed as to avoid losing out on the opportunity to a neighboring state.

Next week will include many bills carried over from this week. Budget hearings continue and all the hearings postponed from this week are rescheduled. The introduction of bills will steadily dwindle, as the deadline to introduce bills in non-exempt committees is Monday. Additionally, we are approaching the point in session when budget and policy committees begin working Fridays until Turnaround, which is on the horizon, February 24th.

Late Thursday, February 3rd the Governor vetoed the U.S. congressional map that Democrats opposed. It is unlikely the votes exist to override the veto, thus the redistricting committees will continue their current work on Kansas House and Senate district maps, as well as return for a new congressional map.

Big Picture Issues

Hearings Continue on Food Sales Tax Elimination

- It was the Senate Tax Committee’s turn to hold its hearings on bills that would eliminate the state sales tax on food. The hearings were similar in nature to the House hearings last week.
- Another related sales tax bill ratchets down the state sales tax on food over three years.
- Additionally, HB 2461, which would provide for a sales tax exemption for hygiene products and broadens the sales tax relief has a hearing in House Tax on Monday.

SPARK Update

- The four SPARK Advisory Panels will meet for the first time this Friday, February 4th, and Monday, February 7th. The Connectivity and Economic Revitalization Advisory Panels will meet Friday and the Health and Education, and Efficiency and Modernization Advisory Panels, will meet Monday.
- The Advisory Panel meetings can be viewed here:
https://www.youtube.com/channel/UCfChGWc38RE1tmAKNmQxPg/videos?view=2&live_view=502

January Tax Receipts

- As has been the trend for the last several months, January's total tax collections exceeded estimates for a total of \$944.5 million, or \$119.6 million over the estimates.
- January's tax receipts can be viewed here:
https://content.govdelivery.com/attachments/KSOG/2022/02/01/file_attachments/2064239/07_January_Revenue_FY2022_02-01-2022_Final.pdf

Financial Institutions Related Issues

Most of the hearings impacting financial institutions this past week were cancelled and have been rescheduled for the coming week.

Committee Activity This Past Week

- The House Financial Institutions Committee managed to get its hearing on changes to the KMBA heard before the weather hit this past week.
- Next week will be busy between more TEFPI hearings; final action on KBA's SB 335; and a hearing on SB 400 which would make modifications to the Uniform Trust Code.

Active Bills

Any 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
- 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 of 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.
 - Hearing in House FIRD 1/31.
 - Proponents included OSBC, Zillow, Rocket Mortgage, and the Mortgage Bankers Association.
 - Scheduled final action in House FIRD 2/9.

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 the Senate 39-0.
 - Hearing in House FIRD Monday, 2/7.
- HB 2489: Companion bill to SB 334.
 - Final Action in House FIRD 2/9.
- SB 377: Authorizing TEFFI insurance companies within the captive insurance act and providing for the requirements and operations thereof.
 - Final Action in House FIRD 2/9.
- HB 2554: Converting the conditional charter issued for the pilot program under the TEFFI Act to a full TEFFI charter.
 - Hearing in FIRD Monday, 2/7.
- HB 2547: Authorizing TEFFI insurance companies within the captive insurance act and providing for the requirements and operations thereof.
 - Heard in House Insurance January 31st.

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, February 7th.

House FIRD. 9:00 AM.

- Hearing on HB 2554: Converting the conditional charter issued for the pilot program under the TEFFI Act to a full TEFFI charter.
- Hearing on SB 337: Converting the conditional charter issued for the pilot program under the TEFFI Act to a full TEFFI charter.
- Review on HB 2268: Enacting the Kansas rural home loan guarantee act and authorizing the state treasurer to guarantee a certain portion of rural home loans made by financial institutions and report to the Legislature regarding such loan guarantees.

Senate FI&I. 9:30 AM.

- Final action on SB 335: KBA health insurance premium tax exemption.
- Final action on SB 377: TEFFI insurance.

Tuesday, February 8th.

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.

Wednesday, February 9th.

House FIRD. 9:00 AM.

- Final action on SB 337—TEFFI charter.
- Final action on HB 2489 TEFFI.
- Final action on HB 2568 KMBA.

Wrap Up

Let us know if you have any questions.

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