



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

February 28, 2022

Overview

We have been providing detailed updates every week for the last seven weeks. The report this week summarizes our issues at the mid-point of the session. Bills that will not advance are removed from this week's report. This week will be an abbreviated week as Monday is an off day, only a few hearings are scheduled for Tuesday, and only a few budget committees will meet on Friday. Because of the brief week next week, the report we will provide on Friday, March 4th, will only include significant action on any bills we have been following and the schedule for the upcoming week. We appreciate your understanding and support. Beginning the week of March 7th, we will report as usual for the final four weeks of the regular session until the April 1st first adjournment. The wrap-up/veto session will begin on April 25th.

This was an unusually short Turnaround week, with the House wrapping up its work on Wednesday morning, and the Senate on Wednesday afternoon. The House passed about thirty-five bills, the vast majority being largely uncontroversial. The Senate also passed about thirty-five bills. Both chambers avoided any controversial issues, leaving some major topics to be resolved during the second half of the session. These include the 988 National Suicide Prevention Lifeline (NSPL); HB 2463 which would prevent any changes to the state's Medicaid program until 2025; expansion of APRN scope of practice; restrictions, controls, and non-public school issues; medical marijuana; and the elimination of the state sales tax on food and all other tax policy. (Not to mention redistricting and the yet-to-be-seen state legislative maps, as well as assembling the budget, of course.)

What does this mean? In the remaining five weeks of the session and through the wrap up session in late April, every single significant issue is unresolved, available for action, negotiations, and old-fashioned trading. The upcoming weeks will be very complex.

Big Picture Issues

Tax Policy

- Up until now, we have seen little action this Session on tax policy, from the elimination of the food sales tax to property tax reform, to income tax changes. However, the Senate Tax Committee this week heard and passed a number of bills dealing with tax cuts.
 - One increases the standard deduction for Kansas taxpayers from \$3,500 to \$4,375 for individuals; from \$8,000 to \$10,000 for married couples; and from \$6,000 to \$7,500 for head of household.

- The other bill provides an income tax credit for teachers purchasing classroom supplies in the amount of \$250.
- The week prior, the Committee approved SB 431, which would increase the extent of property tax exemption from the statewide school levy for residential property to \$65,000 of its appraised valuation.
- The repeal of the sales tax on food sits on the Senate floor, SB 339. The bill is the Senate Tax Committee's version of the elimination of the state sales tax on food. The committee added several other provisions to the bill including an exemption of state sales tax on utilities and permitting movie theaters to retain state sales and compensating use tax from movie ticket and concession sales (added in an effort to help movie theaters recover from the pandemic). Additionally, relating to the food sales tax provision, the committee added a local option so that cities and counties can remove their local sales tax if they choose.
- House Tax intends to hear sales tax on food bills HB 2711 and HB 2720 next week.

More Constitutional Amendments

- In addition to the anti-abortion amendment that will be on the 2022 primary ballot, two more amendments may be added to the 2022 general election ballot. The two proposals have passed the House with the two-thirds required vote and are on their way to the Senate. The proposed amendments are as follows:
 - HCR 5022 would propose a constitutional amendment requiring that a sheriff be elected in each county (with the exception of Riley County).
 - Passed the House 97-24.
 - HCR 5014 would propose a constitutional amendment that provides for legislative oversight of rules and regulations adopted by executive branch agencies and officials. The Republican legislative majority seeks authority to manage additional issues that have historically been administrative duties.
 - Initially failed to pass the House with a two-thirds majority vote but was reconsidered this week and passed the House 85-39.
 - Hearing in Senate Judiciary next week.

Financial Institutions Related Issues

Both chambers passed a handful of bills related to financial institutions:

- SB 400: Uniform Trust Code.
 - Passed the Senate 40-0.
- SB 483: ATM theft.
 - Passed the Senate 40-0.
- HB 2568 KMBA.
 - Passed the House 118-3.
- HB 2547 TEFFI insurance companies.
 - Passed the House 120-1.

Committee Activity This Past Week

There was little committee activity this week, as both chambers were on the floor debating bills Tuesday and half of Wednesday before adjourning for the Turnaround weekend.

Housing Bills

- No movement on the housing bills this week. They are exempt bills, so will be dealt with later in the Session.

- SB 369: Establishing the Kansas affordable housing tax credit act providing income, privilege, and premium tax credits for qualified low-income housing projects.
 - SB 369 is essentially state enactment of the federal low-income housing tax credit statute.
 - Passed out of Fed and State Affairs and combined with SB 375 into Sub for HB 2212.
 - On General Orders.
- SB 375: Enacting the Kansas housing investor tax credit act and expanding Kansas housing programs to facilitate economic development by providing tax credits for investment in residential housing projects in underserved rural and urban communities to accommodate new employees and support business growth.
 - Passed out of Fed and State Affairs and combined with SB 369 into Sub for HB 2212.
 - On General Orders.
- SB 376: Expanding Kansas housing programs to facilitate economic development by broadening the Kansas rural housing incentive district act to allow use of bond proceeds for construction of residential dwellings and buildings and to include the city of Topeka, increasing availability of loans or grants to rural communities for moderate income housing, establishing a program for urban communities for moderate income housing and permitting housing developments to include manufactured or modular housing.
 - Passed out of Senate Fed and State Affairs.
 - On General Orders.

Active Bills

Any new bills are in **bold**.

- SB 400 (now Sub for 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.
 - Worked in FI&I on February 17th.
 - As discussed during the hearing, the first two sections of the bill were removed to address the conferees' concerns, and also amends the definition of resident trust.
 - Summary of the bill as amended:
http://kslegislature.org/li/b2021_22/measures/documents/supp_note_sb400_01_000.pdf
 - In short, the two sections that were removed included the provision for opting out of the rule against perpetuities as well as the decanting statute. The Judicial Council will continue to study these sections and the Legislature may address these issues in the future.
 - Passed the Senate 40-0.
- SB 483: Increasing criminal penalties for theft and criminal damage to property involving remote service units such as automated cash dispensing machines and automated teller machines.
 - Heard in Senate Judiciary and passed out of Senate Judiciary on 2/18. No amendments.
 - CBA provided written testimony in support.
 - KBA and Heartland Credit Union Association testified in support.
 - Passed the Senate 40-0.

- 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.
 - Passed the Senate 34-0 February 17th.
 - Hearing in House Insurance Wednesday, March 2nd.
- 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.
 - Passed out of committee 2/9.
 - Passed the House 118-3 on 2/23.
- 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.
 - The bill was amended and passed out of House FIRD.
 - Farm Bureau and the Kansas Corn Growers' Association requested an amendment that does the following:
 - Makes KHRC as opposed to the State Treasurer the administrator of the act.
 - Modifies the guarantee amount specified for a certain portion of loans with moneys from the State Housing Trust Fund.
 - Establishes a limit on the total amount of such loan guarantees at \$2 million.
 - Requires fees and charges imposed by KHRC and other moneys received by KHRC to be remitted and credited to the Fund.
 - Blessed and remains alive for the remainder of Session.

TEFFI Bills

- 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.
 - Passed the House 119-1 on February 16th.
- HB 2489: Companion bill to SB 334.
 - Passed the House 120-0 on February 16th.
- SB 377: Authorizing TEFFI insurance companies within the captive insurance act and providing for the requirements and operations thereof.
 - Passed the Senate 36-3 on February 15th.
 - In House FIRD.
- HB 2547: Authorizing TEFFI insurance companies within the captive insurance act and providing for the requirements and operations thereof.
 - Passed out of House Insurance.
 - Passed the House 120-1 on 2/23.

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://kslegislature.org/li/b2021_22/chamber/calendars/

Additionally, all hearings are now available online live 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/>

Wednesday, March 2nd.

House Insurance. 3:30 PM.

- Hearing on SB 335: KBA health plan premium tax exemption bill.

House Tax. 3:30 PM.

- Hearings on HB 2711 & HB 2720 food sales tax elimination.

Thursday, March 3rd.

Senate FI&I. 9:30 AM.

- Hearing on HB 2498: Amending the TEFFI act relating to fees and assessments, examinations, disclosures to consumers and requiring such institutions to be mandatory reporters of elder abuse.

Wrap Up

Let us know if you have any questions.

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