

This Week **in Topeka**

Overland Park Chamber

*Business, Economic Development & Local Government News
from the Legislative Session Week of January 21-25, 2019*

Written by Kevin Walker, Vice President of Public Policy and Advocacy

Week two is in the history books with a slight uptick in the tempo of activities within the state capitol. The week started with a day off for lawmakers in observance of Martin Luther King, Jr. Day. On Tuesday, committees continued to hold hearings – mostly informational – to lay the foundation for work to come. Bills on a broad range of topics continue to be introduced every day setting the stage for the coming weeks.

As of this writing, 47 senate bills have been introduced and 84 in the house. We are monitoring bill introductions each day for their impact on businesses and our community.

Bills of Note

Economic Development (HB 2006) – this bill would require the Department of Commerce to create a database of economic development incentive program information. For several years lawmakers have been working toward the goal of gathering economic development information, increased accountability and public awareness in order to assess the effectiveness of various economic development tools. A hearing has been scheduled for Thursday, January 31, in the House Commerce, Labor & Economic Development Committee.

Economic Development (HB 2043) – this bill, similar to HB 2006, would establish a review of tax credits, tax exemptions and economic development programs. A hearing has been set for Wednesday, January 30, in the House Taxation Committee.

Worker's Compensation (HB 2012, 2013 and 2014) – these bills deal with various aspects of Workers' Compensation with HB 2013 specifically addressing which edition of AMA guidelines are used to evaluate a worker's degree of impairment from an injury. The 6th

edition of the guidelines was adopted by the Kansas Legislature in 2013 to supersede the use of the 4th edition. This action ultimately led to a lawsuit challenging the constitutionality of the use of the 6th edition guidelines. The case remains before the Kansas Supreme Court. There is disagreement and confusion over whether the 4th or the 6th edition guidelines are in force — so litigants are eagerly awaiting a ruling.

Formal hearings on these bills have not been set although a briefing was held on January 22 providing members of the House Commerce, Labor and Economic Development Committee an update on the status of litigation.

School Finance (Bill #TBD) A bill to address the Supreme Court's finding that adequacy has not yet been achieved was introduced on Thursday in the House Appropriations Committee and the Senate Ways and Means Committee. In short, the ruling stated that lawmakers failed to address inflation when developing the school finance formula. It is generally agreed that approximately \$93 million in additional funding would satisfy the court's concerns. A hearing on the remedy will be held soon so proponents are shooting for quick approval to allow appropriate time for litigants to prepare their arguments. Not everyone is on board with the increase and there is some discussion of an alternate funding proposal so the outcome for this bill is unclear.

KPERS (SB 9) – this bill transfers \$115 million from the state general fund to the Kansas Public Employees Retirement System (KPERS). This payment is the calculated cost to repay, with interest, the FY 2016 payment that was reduced as a cost-saving measure. This amount would reduce the available surplus that could be used for other purposes but conversely would honor a commitment to repay the amount and bring the KPERS fund closer to recommended actuarial guidelines. A hearing on the bill was held on January 22 in the Senate Ways & Means Committee with no action taken.

Key Hearings

Tax Changes - One issue that has seen a lot of discussion throughout the past two weeks relates to personal and corporate tax changes that are addressed in SB 13, SB 22 and HB 2005. The federal Tax Cuts and Jobs Act of 2017 triggered this debate as Kansas automatically falls in line with the federal tax changes. Lawmakers currently are considering a number of proposals that would change this – by decoupling – from the federal changes.

As reported in last week's report, the changes have implications for individuals and corporations that could result in higher tax bills. Legislative leadership has made it clear they want to adopt the changes as quickly as possible. Senate President Susan Wagle

has appointed a special committee to work on the issue after progress bogged down in the standing Senate Assessment and Taxation Committee during week one. An informational hearing on the individual elements of decoupling were held on Thursday before the House Taxation Committee. Senator Wagle's Select Committee on Federal Tax Code Implementation will begin meeting next week to discuss the issue in detail.

Transportation – The work of the Transportation Task Force that met throughout 2018 is just about done. It is expected their final report, with recommendations, will be issued to lawmakers next week. House Appropriations received an update from staff on the work of the Task Force and a similar report will be presented to the Senate Ways and Means Committee next week. These updates establish a foundation for further discussion about the Task Force recommendations and eventual development of a long-term, comprehensive transportation plan. We have been actively meeting with lawmakers continuing to make a case for one of our top priorities – expansion of U.S. Highway 69 south of I-435. It is expected that several pieces of legislation will be introduced shortly after the Task Force findings are published.

Upcoming Events

Legislative Breakfast Series. Breakfast #2 in our series held in conjunction with the Johnson County Public Policy Council begins at 7:30 a.m. on Saturday, February 16. Panelists will be: Senator Barbara Bollier; Senator Pat Pettey; Senator John Skubal; Representative Megan Lynn; Representative Susan Ruiz and Representative Kellie Warren. To register, [click here](#).

Public Policy Committee Meeting. The next meeting of the **Public Policy and Advocacy Committee** will be noon-1:30 p.m. on **Friday, February 8** at the Chamber. To register, [click here](#).