MEMORANDUM

To: Interested Parties

From: John J. Federico, JD

Stephen P. Duerst, JD

Date: April 1, 2021

Re: Weekly Update - Week of March 29, 2021

Please see our Weekly Update on Kansas Legislative activities:

A Special Note on Finding Bill Language & Bill Trackers

If you need to find specific language of a bill, type the number in the box under "Bill number:" on the right-hand side of this webpage. Once you find the bill listed, click that specific bill. You will find the PDF logo under the "Documents" label - click the logo...this will lead you to the text of the bill.

If there are bills that you would like *removed* from or *added* to your bill tracker, please contact Katie Whisman (katie@federicoduerst.com).

As always, our office is more than happy to send you any additional information on bills as needed.

Floor Action Marathon Concludes

The House and Senate collectively debated nearly 60 different bills that had been elevated to General Orders this week, as certain committees were given special permission to continue meeting in order to advance matters of importance to their respective chambers.

Next week has been set aside for Conference Committees to meet and negotiate the roughly 25 <u>bills</u> that have been sent to Conference.

With First Adjournment set for April 9, there are effectively four working days left in the 2021 legislative session. After First Adjournment, there are generally no bills considered by committees or the chambers unless they are appropriations or spending reconciliation bills, or bills vetoed by the Governor.

House Budget Bill Advances with Major Change

On Tuesday, the House passed out its <u>version</u> of the budget by a vote of <u>71-52</u>. The mega bill, which had been crafted after nearly 3 months of work and vetting, did not leave the floor in a form many thought it would after Rep. Henry Helgerson (D-Wichita) proposed, and passed, an <u>amendment</u> that would cut 2% from every State General Fund expenditure. Helgerson argued that the move was to get the state back

on track after years of out-of-control spending. There was little debate on the amendment, and it passed on a voice vote. While the measure would cut \$161 million from the budget, opponents argue it could disrupt the state's obligations to several programs, services, and directives – including a Kansas Supreme Court order requiring the state to adequately fund K-12 education.

The debate also included an amendment brought by Rep. Brett Parker (D-Overland Park) to expand Medicaid to the poorest Kansans. That amendment was rejected by a vote of <u>46-78</u>. Kansas is one of twelve states that has not yet adopted Medicaid expansion.

The bill now advances to Conference Committee, where the leading House and Senate budget committee members will work out differences between the two positions.

Third Time's A Charm? Tax Cut Bill Advances to Governor's Desk

A mega tax bill, years in the making, will again advance to the Governor after lawmakers agreed to language on Tuesday. SB50 would require the collection and remittance of certain taxes by marketplace facilitators. The bill also would amend income tax law regarding fraudulent unemployment benefits, itemized and standard deductions, business income related to 2017 federal legislation, corporation return filing, net operating losses, and the business expensing deduction. Specifically, the bill would do the following:

- <u>Marketplace Facilitators</u>: Marketplace facilitators with annual gross receipts from sales sourced into Kansas in excess of \$100,000 would be subject to collect and remit sales and compensating use tax. This applies to both in-state and out-of-state retailers.
- <u>Identity Theft</u>: The bill would clarify that victims of identity theft would not owe Kansas individual income tax on unemployment compensation that was fraudulently obtained by another individual.
- <u>Itemized Deductions</u>: Beginning in tax year 2021, the bill would provide individual income taxpayers the option to take Kansas itemized deductions regardless of whether deductions are itemized, or the standard deduction is claimed for federal income tax purposes.
- <u>Standard Deductions</u>: The bill would, beginning in tax year 2021, increase the standard deduction amounts to \$3,500 for single filers; \$6,000 for single head of household filers; and \$8,000 for married filers filing jointly. These amounts are currently set at \$3,000; \$5,500; and \$7,500, respectively.

The bill also contains several provisions pertaining to Business Income (Global Intangible Low Income Tax Income; Business Interest; Capital Contributions; FDIC Premiums; Business Meal Expenses) and provisions related to expensing deductions, corporate income tax return filing deadlines, and net operating loss carry forward extensions.

More information on the bill can be found here. The bill is expected to cost the state \$300 million over 3 years. This was significantly less than a similar bill passed by the Senate earlier this Session which would have had a price tag of more than \$1 billion over the same amount of time.

A similar bill has been advanced to the Governor three time, and none have yet been approved.

Business & Healthcare Emergency COVID Provisions Extended

Governor Kelly quickly signed <u>SB283</u> this week, which would extend several emergency provisions as the state continues to grapple with the COVID-19 pandemic. The bill would extend several emergency provisions until March 31, 2022, including temporary licensure and telemedicine provisions. The bill

would also provide businesses and certain healthcare providers immunity until March of 2022 as well. The current temporary provisions were set to expire on Wednesday, the same day the Governor signed the extension. SB283 is expected to be published today in a special release of the <u>Kansas Register</u>.

Other Updates & Press Releases

- Governor Laura Kelly Signs Bill to Maintain Increased Access to Health Care Throughout the COVID-19 Pandemic
- Governor Laura Kelly Signs Four Bills into Law
- Governor Laura Kelly Relocates Tourism to the Kansas Department of Commerce to Spur Economic Growth

Weekly Schedule: April 5 – 9

Schedule subject to change. Daily Session calendars may be found <u>here</u>.

There is **No Session** on Monday, April 5.

April 6-9 is set aside for Conference Committees to meet. The **House and Senate** will convene on those days to consider and vote on Conference Committee Reports. Conference Committee schedules, which are extremely fluid and change frequently throughout each day, can be found <u>here</u>.

Friday, April 9 is First Adjournment.