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KLPG Capitol Highlights

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2021 LEGISLATURE WEEK FOUR

FRAMEWORK FOR GROWTH ANNOUNCED

Governor Kelly presented a comprehensive new economic development strategy on February 4th. The first of its kind in more than 30 years, the 37-page proposal titled Kansas Framework for Growth, details a long-term fiscal shift for the state in response to the effects of the COVID-19 pandemic on state-wide economic issues. Created through data analysis and with input from Kansans statewide, engaging business and community leaders who offered suggestions and determined priorities for the Kansas economy. A virtual survey and town hall meetings across the state were also employed so that thousands of Kansans actually came together to help create the final plan. The key initiatives include a renewed emphasis on talent development and retention, harnessing state colleges and universities for job and business creation, new business opportunity innovation, regional approaches to enhance community assets and economic development, and policies to support long-term growth state-wide. The KFG introduction places Kansas as one of the first states in the nation to develop such an extensive holistic approach to guide state-level fiscal development based on what the new economic normal will be beyond COVID-19. Former Kansas Governors John Carlin and Mike Hayden, who were both instrumental in the plan's development, have stated they are proud to stand with the current Governor in endorsing the implementation of this long-range plan for growth in Kansas. Both men are optimistic that this framework will outlast the Kelly administration and that succeeding governors will also carry out the strategy. Supporters shared excitement to keep younger talent in Kansas and quality of life for all areas of Kansas has the attention of economic development leaders and will be equally valued.

STATE COVID-19 UPDATES

Governor Kelly announced the launch of the "Find My Vaccine" mapping tool attached to the Kansas Department of Health and Environment's on-line COVID-19 Vaccine Dashboard that is updated every Monday, Wednesday, and Friday by 12:30 p.m. To maximize your experience, use a device with a larger screen, such as a tablet, laptop, or desktop to visit: <https://www.kansasvaccine.gov/158/Data> This new tool is designed to help Kansans regardless of where they live, to find the closest vaccine provider to their community. Vaccines are being delivered to all 105 Kansas counties on a weekly basis, but not all providers may be listed on the map at this time. Only locations that are participating in administering COVID-19 vaccines and have provided their information to share with the general public will be listed. If you do not see an active location in your area and you are in Phase 1 or 2 call your local health department to discuss how to access the vaccine. As of February 1st, the KDHE has reported 276,668 COVID-19 cases, up 7,413 from January 25th, with 3,809 deaths, up 187 from January 25th.

SENATE SUBMITS TAX REVISIONS

The Senate Tax Committee sent this session's biggest piece of tax legislation to the full chamber after signing off on changes intended to reduce the cost of the bill in hopes that it might win support from Governor Kelly who has already signaled that she would reject new tax bills that would leave a hole in the state budget. The bill emerged from committee with an estimated cost of \$175 million in the first year, compared to \$326 million in the original bill. Over three years, the bill would cost an estimated \$422 million compared to the \$614 million in the

original bill. The committee removed a section that would allow taxpayers to carry back their net operating losses - as provided by the CARES Act tax code changes - to foster an easier economic recovery. That element of the bill alone would have cost the state about \$100 million in the first year and \$20 million in each of the following two years. Also removed from the original bill was a provision to treat global intangible low-taxed income as foreign dividend where only 20% of the income would have been taxed. This will save the state about \$57 million. The third major change moves the start date from 2020 to 2021 for business meal expense deductions, allowing banks to deduct their FDIC insurance premiums, and businesses to deduct the full amount of business interest.

LOW INTEREST BUSINESS LOANS ON HORIZON

Kansas Senators unanimously passed a bill on February 1st that will redirect idle money, from a defunct 2008 loan program, to provide low-interest loans to businesses financially damaged by the COVID-19 pandemic. The state would loan the money to banks, credit unions, or Farm Credit at 0.25% interest, and they would in turn provide ten year, \$250K or less loans to commercial and agricultural businesses with no more than 200 employees. The second component of the bill expands the credit union field of membership from 500K to 2.5million people. The third part of the bill eliminates the privilege tax on agriculture real estate and residential loans in communities of less than 2,500 people. Similar legislation passed through both chambers last year but was then vetoed by the Governor. This year two crucial changes, proposed by Kansas Treasurer Lynn Rogers, were added to the bill that lawmakers believe will save it from another veto: that farm credit unions must have at least one branch in Kansas and that all loan applications must require state residency verification to assure the money will be used for Kansas residents with Kansas business.

MARIJUANA COULD FUND MEDICAID

February 1st brought a proposal from Governor Kelly to fund Medicaid health care for up to 165 thousand additional low-income Kansans with revenue from the legalization of medicinal marijuana. Data from sales in other states indicates Kansas would receive at least \$50 million annually through the selling of legalized cannabis, which would be more than enough to cover expanding the Medicaid program. The bill was modeled after a policy established in Ohio and would be similar to a strategy proposed by House Republicans that would create a regulatory framework for cultivation, testing, distribution, prescription, and purchase of medical marijuana. The bill also mandates that the Kansas Department of Health and Environment collect employment information from all able-bodied Medicaid applicants and refer those unemployed to the Kansas Department of Commerce and/or the Kansas Department for Children and Families for assistance finding job opportunities through work referral programs. Kansas Department of Commerce Secretary, David Toland spoke in regard to the economic development element of the bill saying: "Kansas has no business giving companies even one reason to look elsewhere. The availability of health care and well-being of all Kansans matters a great deal to companies considering places to locate and grow." Senate President Ty Masterson and House Majority Leader Dan Hawkins voiced opposition to the proposed bill. Masterson said in a statement that Medicaid should be preserved for those whom it was originally intended – the elderly, the disabled, and other vulnerable Kansans, but it is not in the best interests of Kansans to use this creative funding mechanism to create a new welfare program for able-bodied adults. Hawkins claims the bill would afford Kansans the opportunity to choose not to work while taxpayers' foot the bill for them to: "stay home and smoke supposedly medicinal marijuana". While at this juncture it seems unlikely, if passed, the bill would make Kansas the 48th state to adopt a medical marijuana law and the 39th state to expand Medicaid. Polling revealed about 70% of Kansans support both health care reforms.

COMPUTER SYSTEM UPGRADES MAJOR SUCCESS

Representatives from the Kansas Department of Labor appeared briefly before the House Commerce Committee on February 4th to report that it has already blocked more than 538,000 fraudulent log-in attempts by internet bots and human scammers since rebooting the unemployment computer system on February 2nd with modernized software technology. Prior to the upgrades, the 45-year-old system was only catching about 2,300 fake claims a day. Now, the vast majority of people with legitimate claims are getting

authenticated and registered successfully. As of January 16th, Kansas had reported 33,901 new unemployment claims and ranked third in the country for increase in the number of initial unemployment claims, trailing Florida and Maryland.

PROTECTING FOSTER CARE CHILDREN

The Kansas Senate Public Health and Welfare Committee considered, but took no action on, SB 85 that would require foster child contractors to notify the Kansas Department for Children and Families within 24 hours of determining a child is missing, or had to spend the night in an unlicensed location. DCF would then be required to pass that information on to the Governor within 24 hours, and then legislators within 48 hours. The newspaper of record in the county where the youth went missing, or was improperly housed, would also be informed. Foster child contractors would be fined \$500 per day for failure to abide by the new reporting mandates.

CHILD DEATH REPORTING CONSIDERED

Speaking before the Senate Public Health and Welfare Committee on February 2nd, Melissa Johnson, chairwoman of the Kansas Child Death Review Board, endorsed SB 83 that would require board members to report information about potential child homicides with law enforcement and prosecutors. The existing statute actually prohibits the sharing of any and all information, including possible criminal offenses. Under the new bill, Kansas could participate in a national database that aggregates information associated with the cause of child deaths. The legislation specifies child fatality information be shared with law enforcement agencies, county and district attorneys, members of the Legislature in executive session, state licensing agencies in relation to disciplinary complaints and for health education research with personally identifiable information redacted. The committee took no action on the proposal.

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This is a weekly legislative summary of Kansas government, and other statewide news, gathered and compiled independently from various media reports.

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