January 20, 2020

**Overview**
The first week of the session included the Governor’s State of the State, presentation of the budget, and a variety of informational hearings. The pace of the 2020 legislative session will be brisk. The two most controversial issues (Medicaid expansion and abortion constitutional amendments) are both scheduled for committee hearings this week.

For the remainder of the session, weekly reports will provide an overview of the session, specific information regarding hearings and topics of interest, bill analysis, and upcoming activities. Please let us know if you have questions, suggestions, or input. There is a great deal happening and we all benefit from sharing information.

**Big Picture Issues**
The 2020 Session has gotten off to a roaring start, most lawmakers and lobbyists grateful for the holiday weekend after a surprisingly hectic and no-nonsense first week. Between the State of the State Address and the announcement of the Governor’s 2020 budget, this first week is one for the books.

**State of the State**
In her State of the State Address, Governor Kelly focused on a select group of priorities, including Medicaid Expansion, a new transportation plan, and food and property tax relief. The speech and policy themes were brief and general, focused on continued restoration of revenue, spending in some key areas, and leaving a large ending balance in the budget.

**Budget**
The Governor’s Budget, released Thursday, closely mirrored her priorities listed in her State of the State, including Medicaid Expansion, a new, innovative transportation plan, and tax relief. When it comes to taxes, the Governor’s budget reflects her Tax Council’s recommendations on reducing the food sales tax and partially reinstating the local ad valorem tax reduction fund (LAVTRF). If the Legislature approves Governor Kelly’s recommendation of reinstating the LAVTRF, it will mark the first time since 2003 that a Kansas governor approved a transfer to the fund, which offers property tax relief for cities and counties, totaling $54 million. The Governor also recommended a new refundable food sales tax credit which would begin in tax year 2020 and amounts to a $53.2 million state general fund tax reduction. Additionally, the Governor’s budget includes a tax on digital property and subscription services that amounts to an additional $22.4 million in revenue, which she believes will help “level the playing field” for existing Kansas businesses.

In her budget, Governor Kelly also promised to fully fund K-12 education, as well as “tackle the high cost of college.” We expect there to be continued conversations around keeping tuition rates at state universities stagnant for at least another year. Budget hearings will begin in early February.

Most importantly, the current year ending balance is projected at $533 million for the current fiscal year, and a $627.8 million, or 8%, ending balance for the following fiscal year, which is above the constitutionally required ending balance. While much of the Governor’s budget recommendations were expected, we anticipate pushback from lawmakers regarding the Governor’s decision to re-amortize KPERS, as well as continued conversations around ending transfers from the state highway fund to the state general fund.

[Link to KCUR article]

Health Issues
Some, but not all of these issues will emerge during the session and receive hearings and possible action. Bills are being requested and introduced, but there is usually a lag and bills may not yet be available. Bill introductions for most committees will continue until early February.

Medicaid expansion Senate Bill 252
The last week before the session began, the Governor and Senate Majority Leader Jim Denning came to an agreement on a Medicaid Expansion plan that most advocates support. It calls for straight expansion up to 138% of the federal poverty level, doesn’t include lockouts or a work requirement, and calls for alternative models of healthcare to meet the unique needs of rural hospitals and communities. The compromise Medicaid Expansion bill will be debated in a 2-day hearing this Thursday and Friday in the Senate Public Health and Welfare Committee. Opponents will appear the following week.

Abortion Amendment Announced
Thursday’s announcement of an anti-abortion constitutional amendment overshadowed much of the week’s developments in the push to expand Medicaid. Conservative lawmakers and advocates gathered to announce their amendment. Both the House and Senate would first have to pass the amendment before it goes on the ballot in August’s primary election. Senate President Susan Wagle called the amendment a legislative “priority” and hopes it will pass within the next couple weeks. There may be some interesting dynamics at play in the coming weeks as advocates of Medicaid Expansion attempt to keep the spotlight on Expansion rather than abortion. Here’s the link to the proposed amendment: [Link to proposed amendment]

Department of Human Services
It will likely be several weeks before the executive reorganization order (ERO) of Department for Children and Families and Aging and Disability Services is finalized. We’re anticipating the ERO to move through fairly smoothly, but between the abortion and expansion debates, nothing is for certain. In testimony before a House committee, Secretary Laura Howard stated that the reorganization provides an opportunity for an even stronger focus on prevention and enhanced access to services while allowing the agency to think differently about their service delivery. The ERO must be submitted to the Legislature within 30 days of its announcement and either the House or the Senate on a majority vote in their own chamber, can prohibit the reorganization on a simple majority vote.
Here is the official press release:  http://www.dcf.ks.gov/Newsroom/Pages/Reorganization.aspx

Governor’s Budget
In her budget, Governor Kelly included several enhancements to address a number of pressing public health and welfare issues. These included several million dollars for updates at Osawatomie State Hospital; increased funds for regional hospitals to address mental health needs; nearly one million additional dollars to provide for more child protective services positions; and additional funds to secure the federal match for the Family First Prevention Services Act in fiscal year 2021. We are all waiting for agency staff to work through the budget recommendations and provide the specifics and details of what may be new in the budget. Even the Governor’s agencies have to spend some time figuring out what has been done. The Governor’s budget and the Director’s overview are available at this link. They are not user friendly documents:  https://budget.kansas.gov/budget-report/

Vaping and Clean Indoor Air Act:  House Bill 2450
The Attorney General has requested a bill that would add e-cigarettes and vaping to the definition of smoking in the Kansas Indoor Clean Air Act. Because of heightened efforts to decrease youth tobacco and vaping use, we expect a wide variety of support in amending the act.

Marijuana
Several bills allowing medical marijuana were introduced in the 2019 session. Those bills are still alive in committee. Currently, no hearings are scheduled.

Legislation of Interest
The current key bills are referenced topically in the summary and many more bill are being requested in these early weeks. Most of them are not exempt, meaning they have to pass their chamber of origin before the mid-point of the session, February 27th. Only bills from exempt committees (budget, tax, and federal and state affairs) do not have to pass their chamber of origin by the turnaround point.
Bills that have been published and the bill history can be found on the Legislature’s official website:  http://www.kslegislature.org/li/b2019_20/measures/bills/
Finally, all bills introduced in the 2019 session remain alive for consideration during 2020. As bills may be pulled up from 2019 for hearings or action, we will add them to the list.

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/b2019_20/chamber/calendars/
Additionally, all hearings are now available on-line 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/

Monday, January 20,
No meetings. Martin Luther King Jr. Holiday.

Tuesday, January 21.
Senate Public Health and Welfare. 9:30 AM. Room 118N.
- Presentation on: State of the Health of Kansas; Dr. Lee A. Norman, Secretary, Kansas Department of Health and Environment

House Corrections and Juvenile Justice. 1:30 Room 152S.
- Informational briefings on Senate Bill 367—Juvenile reform bill from 2016 and Juvenile Justice Oversight Committee.

House Social Services Budget Committee. 3:30 PM. Room 144S.
- Informational briefing: Psychiatric Residential Treatment Facilities
  - Laura Howard, Secretary for Dept. for Aging and Disability Services and Dept. for Children and Families; Andy Brown, Commissioner of Behavioral Health Services for Dept. for Aging and Disability Services; Ryan Speier, President of KVC Hospitals.

Wednesday, January 22.
House Rural Revitalization. 9:00 AM, Room 582S
- Informational hearings on rural health issues: Dorothy Hughes, PHD, Assistant Professor Population, Health, and Surgery, University of Kansas School of Medicine; Chad Austin, Kansas Hospital Association, rural hospital issues.

House Health and Human Services. 1:30 PM. Room 546 S.
- Presentation on: State of the Health of Kansas – Dr. Lee Norman, KDHE; Kansas Meaningful Measures Collaborative, Bob St. Peter, Kansas Health Institute.

Thursday, January 23.
House Appropriations. 9:00 AM. Room 112-N
- Report on children’s health tour, United Methodist Health Ministry Fund and mental health facility tour—Legislative staff.

Senate Public Health and Welfare. 9:30 AM. Room 118N
- SB 252: Medicaid Expansion: Proponents.

Friday, February 24.
Senate Public Health and Welfare. 9:30 AM. Room 118N
- SB 252: Medicaid Expansion: Proponents.
- Opponents will appear next week.

Wrap Up
Please let me know if you have questions.
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