Memorandum

Date: January 14, 2021
Re: Week One Legislative Update

Overview
The 2021 Session began Monday, January 11th. Activity at the Statehouse is chaotic, to say the least. Most committees have had some level of technical difficulties, and some committees had no audio or video capabilities, which has made the process more than cumbersome this first week. We expect some of these issues to be worked out by next week. The first week of Session is always busy, between the Governor’s State of the State Address, the release of the Governor’s Budget, and lots of bill introductions.

Big Picture Issues
It’s only the first week, but the 2021 Legislature’s priorities are becoming clear and we expect only a handful of topics to be front and center this Session. These include taxes (sales, income, and property, specifically); telemedicine; the Kansas Emergency Management Act (KEMA); and restricting abortion. Many other important issues will likely be forced to wait until the next session.

Tax Issues: The tax committees are focusing on tax bills dealing with property tax reform; internet sales and compensating use taxes; and the income tax bills that have been repeatedly vetoed by Governor Kelly the last two years. The Senate Tax committee has already forwarded to the full Senate a property tax reform bill that calls for greater transparency in the property tax notification process. We expect the major income tax bill that addresses individual and corporate income taxes to have a hearing next week and be forwarded to the full Senate for a vote.

Additionally, the Senate has already advanced in the first week their property tax truth in taxation bill. Senate Bill 13 eliminates the current tax lid on local governments but now will require a public hearing process if a proposed budget increases the amount of revenue collected. The tax lid goes away, but local property taxing entities now have to vote to collect any increased assessed valuation. The bill is headed to the House.

Income tax reductions are coming next.

Telemedicine: While Medicaid Expansion is unlikely to pass this year, lawmakers on both sides have acknowledged the benefits of telemedicine during the pandemic and beyond. Currently, the increased flexibilities for telemedicine expire January 26th, so the Legislature is working quickly to secure an extension in the current policy before taking a deeper dive on firming up the state’s telemedicine policies. This issue will be resolved before the session ends.

KEMA: A special committee met multiple times over the interim to discuss potential changes to KEMA to modernize it and clarify issues of state and local authority. Once the Legislature extends the disaster declaration and the provisions that go with it (i.e. telemedicine), they will
begin working on amending KEMA to address issues of enforcement and penalties; local authority; and legislative oversight of executive orders.

- The Special Committee on KEMA interim report was just released and can be found here: http://www.kslegresearch.org/KLDR-web/Publications/CommitteeReports/2020CommitteeReports/ctte_spc_2020_ks_emerg_manage_act_1_complete_report.pdf
- Committee recommendations/items for further study can be found on p. 1-3.

**Abortion:** The House and Senate Federal and State Affairs committees have already scheduled hearings for this Friday, January 15th, on an anti-abortion constitutional amendment. The amendment “reserves to the people the right to regulate abortion through their elected state representatives and senators.” This issue will likely take up a great deal of time and debate in the coming days and may overshadow many other policy discussions.

**Governor’s Budget:** The State Budget Director presented Governor Kelly’s budget to the Joint Committee on Senate Ways and Means and House Appropriations on Wednesday, January 15th. The Governor’s budget is focused on responding to the pandemic while continuing to invest in the state’s economic recovery and development. A few key components include protecting core services; fully funding education; reducing reliance on State Highway Fund transfers, and IT modernization across state agencies.

- Volumes I and II of the Governor’s proposed fiscal year 2022 budget can be found here:

The proposed budget is flat with little growth, funds schools, reduces transfers from the State Highway Fund, and eliminates a delayed PMIB payment. On the other hand, the budget includes amortizing future KPERS payments to generate immediate revenue. The budget process will likely move faster than usual, in some measure due to concerns about health in the statehouse.

**Current Health Care Issues**
There has been little action or discussion this week on items directly related to health care, but here are a few highlights.

**ERO Part II**

- On Monday, Governor Kelly announced again her intention to combine DCF and KDADS into the Kansas Department of Human Services.
- Announcement and details can be found here: https://content.govdelivery.com/accounts/KSOG/bulletins/2b561b2
• We expect there to continue to be legislative pushback on this. The Governor will submit the ERO to the Legislature next week; the Legislature then has 60 days to disapprove, or it becomes effective July 1, 2021.

**COVID Response**

• The House and the Senate both heard bills that would extend certain provisions of the state’s response to COVID-19, including telemedicine and business liability provisions. (These bills are very similar to HB 2016 that the Legislature passed in June during the Special Session.) Currently, those provisions are set to expire in less than two weeks, so the Legislature is acting quickly so that both chambers can pass a bill, conference on the two bills and come to an agreement and send it to the Governor for approval.

• SB 14 and HB 2048 are essentially the same, with a few minor differences. SB 14 would extend these provisions until March 31st, while HB 2048 extends them to March 5th.

• The Kansas Medical Society and Kansas State Board of Healing Arts have some concerns related to their ability to regulate out-of-state providers who may practice in Kansas during the pandemic. As is, the current legislation allows out-of-state providers to practice in Kansas without having to follow the same rules and regulations as Kansas providers.

**Governor’s Budget**

• The Governor’s FY22 budget includes increased funding for a variety of services:
  o $2 million for EHR support and maintenance;
  o $3.6 million for adoption assistance growth;
  o $5 million for statewide mobile response and stabilization;
  o $3 million for family crisis and support;
  o $600,000 for Community Integration Housing First Program.

• The Governor’s Budget again includes Medicaid Expansion, noting that expansion has the potential to serve up to 165,000 Kansans, up from an estimated 150,000 in years past to account for Kansans who have been disproportionally impacted by the pandemic. Kansas is now only one of twelve states that has not expanded Medicaid.

**Legislation of Interest**

Pending healthcare legislation will grow in the coming weeks before early February. Because of many of the practical and logistical issues of this session, and the emphasis on the big-picture issues mentioned above, we do not anticipate a significant amount of health legislation moving this session.

Bills that have been published and the bill history can be found on the Legislature’s official website: [http://www.kslegislature.org/li/b2021_22/measures/bills/](http://www.kslegislature.org/li/b2021_22/measures/bills/)

**Other New Bills and Issues**

• HB 2066: Providing for the practice of telemedicine by out-of-state physicians, permitting the issuance of temporary licenses in emergencies and the use of electronic credentials.
• SB 10: Enacting the right to earn a living act to minimize unnecessary occupational licensing and regulation.
• HB 2061: Increasing minimum age to purchase/possess cigarettes and tobacco products from 18 to 21 and prohibiting cigarette vending machines and flavored vaping products.
• SB 25: Prohibiting the use of a cell phone while driving in a school or construction zone or by individuals less than 18 years old.
• SB 12: Requiring DCF to implement performance-based contracts.
• SB 14: Extends current COVID healthcare provisions.
• HB 2048: Extends current COVID healthcare provisions.
• Other bills introduced but not published yet include: case management requirements for DCF; changes to state child death review board; and creation of a permanent child welfare oversight committee.

Gun safety issues
There have been several bills introduced, but no hearings scheduled yet.
• HB 2058: Reciprocity with out of state permit holders.
• HB 2059: Reciprocity with out of state permit holders, lowers provision permit age to 18, and excludes weapons from state hospitals and care and treatment facilities.

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/

Tuesday, January 19.
Senate Health. 8:30 AM
  o Presentation on Special Committee on Mental Health Modernization and Reform Report.

Wednesday, January 20.
Senate Health. 8:30 AM.
  o Presentation on Special Committee on Mental Health Modernization and Reform Report.
House Health. 1:30 PM.
  o Briefing on State of Mental Health in Kansas by Association of CMHCs.

Thursday, January 21.
Social Services Budget. 3:30 PM.
  o Informational hearing on mental health, aging and disability services workforce.