

Legislative Update No. 8, April 17, 2019

This April break has given me time to reflect on the blessings of the Easter season, and I hope you enjoyed a wonderful Easter. There were several special occasions for me recently. It began last weekend with the impressive Palm Sunday Flint Hills Messiah Chorus and Chamber Orchestra performance, in which Linda sings, to a packed Wamego Methodist Church audience. Then we enjoyed a family reunion Easter weekend when our two-year-old granddaughter held our attention coloring and hunting eggs. The tulips in Wamego are spectacular again this year and will be in their glory for the Tulip Festival this weekend. The Wells Creek Immanuel Faith Community Church Sausage Supper is also this weekend.

I was also able to reflect on the session thus far and helped several constituents with issues involving different agencies in the state. The issues ranged from foster care, Medicaid, State Fire Marshall, Highway Patrol, taxes, transportation, property tax valuations, and others. One situation that I ran into was getting help from the various agencies. Because of the change in the executive branch and the delayed appointments for leaders in those agencies, there has been a delay in organization in some of the agencies. At times, finding the correct person to talk to was difficult. However, I do believe this will be a temporary set back and once all the staff are identified it will become easier.

I also authored eight bills on behalf of constituents and sponsored them in various committees. This required me to write testimony for each and testify on behalf of the bill in the committee the bill was assigned to. I mention this to further explain the process of how a bill eventually becomes law. First a bill hears testimony in committee and then if the chair of the committee feels there is merit, the bill is then scheduled for working. When a bill is worked, the committee debates the bill, can make amendments, and then either pass out with a recommendation for passage or it can simply vote it down.

If a bill reaches the House floor or Senate floor, depending on chamber of origin, the entire membership debates the bill, amends and votes up or down. Not all bills recommended by a committee are heard by the full membership. The Speaker of the House or President of the Senate can decide the bill lacks merit or that there are insufficient votes to pass.

Below are the bills I authored and carried forward with an explanation of what happened to each in the process this year.

**HB 2248: An Act concerning all-terrain vehicles; allowing ATV's to cross federal or state highways. This bill was a request by farm owners whose land is bisected by a federal or state highway.** New law enforcement officers were enforcing the law as written and disallowing the owners to use the highways to travel to their land to check irrigation, livestock, etc. This bill will allow them legal access. I entered the bill in the Transportation Committee, carried it on the floor and it passed easily and was sent to the Senate. The Senate passed the bill and it was eventually bundled with SB 63. The conference committee report was passed by the House and is waiting for the Senate to vote on the CCR. Sen. Hawk helped get the bill through the Sen. Transportation Committee as we coordinated our efforts to get the bill through. There is still a good chance this will pass yet this year.

**HB 2114: An Act concerning severance tax; county option to impose tax on limestone.**

This bill was entered by me to aid Wabaunsee county to collect a tax on the limestone being mined in the county. The monies would be for road maintenance and repair. I entered this bill in the Tax Committee and after conferring with county officials and quarry owners, I requested the bill lay over until next year. I will hold meetings with county stakeholders over the summer to evaluate if the bill or another version should be moved forward next year. Please let your county commissioners know of your opinions on this matter. I have been notified by Commissioner Fager that a meeting is scheduled for July 18, 2019 at 6:30 in the Commissioner's meeting room in the Wabaunsee County Court House.

**HB 2085: An Act concerning water; relating to public water supply systems; municipal loans; reinstatement of rural water district benefit units.** I had this bill written at the request of Wabaunsee Water District #2. Current statutes were unclear concerning abandoned units, or application for new hook ups, and reinstatements needed updating. The new definition now relates to available capacity. The bill passed both chambers and was signed by the Governor on April 16.

**HB 2160: An Act concerning sales and compensating use tax; relating to countywide retailer's sales tax; election, Wabaunsee County.** The county requested this bill to allow them to hold an election to continue the half cent sales tax for road maintenance and repair for an additional 15 years. I entered this bill in the Tax Committee and carried it on the floor where it passed easily. The bill went to the Senate where Senator Longbine shepherded the bill through their body. This bill with amendments is now in conference committee. Whether or not any action will be taken during the veto session remains to be seen.

**HB 2349: An Act concerning sales and compensating use tax (internet sales tax).** After conferring with constituents with internet sales companies I entered this bill in the Tax Committee. This is not a new tax. Currently, anyone who purchases items via the internet are required to remit to the state the sales tax on those items, if the seller does not collect the tax. It is known that most do not adhere to the requirement

A US Supreme Court ruling in 2018, South Dakota v. Wayfair, said the state could collect sales tax from businesses who sell items across state borders. That ruling changed everything concerning internet sales. The problem is that states are enforcing the tax collection differently. Kansas is setting the tax on sales of over \$100,000 as the starting point for collection for businesses out of state. This makes no sense to me. Businesses in Kansas are collecting sales tax on sales of any amount in Kansas, but competing businesses in other states, which do not meet the \$100,000 threshold, are not required to collect the tax and remit it to Kansas. To me this is unfair, and by default picks the outside of Kansas business as the winner. My bill would have required any sales in our state, to include out of state businesses, to be taxed. The bill was not heard in committee. The bill brought to the floor had the \$100,000 limit. I attempted to amend the bill on the floor to change \$100,000 to \$0. My amendment failed on voice vote. The point was made though, and hopefully in the Senate or conference committee the limit will be eliminated.

**HB 2329: An Act concerning education; relating to retirement and pensions; KPERS, increasing education employees' contribution from 6% to 7.15% with equal pay increase to offset.** I entered this bill in the Financial Institutions and Pensions Committee. The bill was blessed, and I testified before the committee. The bill came too late in the system to be worked this year but will be up for debate next year.

KPERS has an unfunded liability of approximately \$9 billion with the education employees' portion of the liability at approximately \$7 billion. The reasons for this are multiple. When the state took over the teacher's retirement fund in the 1970's it was without assets. That coupled with inadequate contributions and the state's failure to make their obligated payments on time have all lead up to this large unfunded liability. The entire KPERS system is in good shape for now. They have approximately \$20 billion in the trust fund and can care for current and retired employees. But, looking out for the decades to come, something should be done now and not later.

**HB 2217: An Act concerning retirement and pensions; enacting the Kansas thrift savings plan act.** I entered this bill in the Financial Institutions and Pensions Committee. The bill was blessed, and a hearing held. The bill came too late in the system to be worked this year, but it also will be up for debate next year.

I entered this bill to give state employees an option. They would be free to choose between the current defined benefit plan or a newly created thrift saving plan. If approved, a plan like a 401K would be available to the employees and they would be involved in directing the investments. The big advantage of this plan is that when an employee leaves or retires, the entire balance can be moved to wherever they designate. This portability is in direct contrast to the defined benefit plan where their funds cannot be moved and upon death only a portion of the pension will be paid to a living spouse.

**HB 2218: An Act concerning members of the legislature; ending membership in the KPERS retirement system, annual salary.** I entered this bill in the Financial Institutions and Pensions Committee. The bill was not heard but remains within the system and available for discussion next year. The reasoning for bringing this bill forward are two-fold. First, I have always felt that it could be considered a conflict of interest when legislators vote on some KPERS bills. Secondly, the current and very complicated system for paying legislators gives the impression of being unfair to other state employees.

The bill would establish a set salary to be paid every legislator. The legislator in turn would be responsible for all expenses associated with serving. I agree that legislators should receive fair compensation for the work they do, but the use of a retirement system as an incentive defeats the purpose of public service.

**HB 2173: An Act concerning commercial hemp.** I did not author this bill but worked diligently on all amendments throughout the committee process and into the conference committee. I worked closely with the KDA legal counsel, Kenneth Titus, and Legislative Revisor (attorney), Kyle Hamilton to finalize the bill. Congress removed hemp from the controlled substance list in December and turned regulation of hemp to the US Department of

Agriculture. The interest by farmers in Kansas for the research project was overwhelming. Now, the interest in commercial production is dramatic. Many farmers are wanting to be involved in production and were waiting for the bill to pass.

The law has passed to implement commercial hemp production in Kansas. But, the USDA has not released their guidelines for doing so yet. We have written our plan very carefully that will be submitted to the USDA for approval and are confident it will meet any rules and regulations the USDA may develop. Because our session is early in the year, we must pass out our law now and not wait for the USDA rules, to have any chance of planting next year.

This is the most complicated bill I have been involved in developing during my years as a legislator. That includes the Amusement Ride bill, and many education bills, which became difficult situations due to different agencies involved. HB 2173 involves several state agencies that in some cases would rather not be involved with hemp production. We brought them along and they are now participants.

With many of the bills that are written, we search other states to find similar legislation. However, this bill has no precedent available. Kansas may well be the first state to pass legislation for commercial hemp production and other states will be looking to use as a template.

The Senate used the House version of the bill and inserted the contents into HB 2167. The conference committee made final technical amendments and the bill passed both chambers. The Governor signed the bill into law on April 15.

We will be back to work at the Statehouse on May 1. I humbly thank you for the opportunity to serve you in the legislature. Please contact me at [ron.highland@house.ks.gov](mailto:ron.highland@house.ks.gov), and 785-296-7310.

With kind regards,

Ron