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### 1 | **Legislative Updates**

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This week was another busy week at the Statehouse. Several pieces of Legislation have an impact on cities. Here's some of the priority items we're tracking:

- **Sales Tax Sourcing Rules:** HB 2177

([http://www.kslegislature.org/li/b2017\\_18/measures/hb2177/](http://www.kslegislature.org/li/b2017_18/measures/hb2177/)) is scheduled for hearing by the House Tax Committee Wednesday, February 15 at 3:30 p.m. in Room 346-S. HB 2177

([http://www.kslegislature.org/li/b2017\\_18/measures/hb2177/](http://www.kslegislature.org/li/b2017_18/measures/hb2177/)) would repeal destination-based sourcing and replace it with origin-based sourcing for the collection and remittance of sales tax for most intrastate sales. This change will have a differing impact upon cities depending upon a city's retail situation. Those cities that serve as a "regional retail sales hub" will probably see an increase in sales tax revenue. Cities that are more remote and rely upon purchasing retail in a regional retail city are more

likely to see a decrease in sales tax revenue. Please review the bill to determine the impact it will have on your city. Because HB 2177 ([http://www.kslegislature.org/li/b2017\\_18/measures/hb2177/](http://www.kslegislature.org/li/b2017_18/measures/hb2177/)) has the potential to create “winners” and “losers” the League will be testifying as “neutral.” Our testimony will point out the fact the bill will have positive and negative effects on Kansas cities. We will also ask for confirmation that the change in sourcing rules does not remove Kansas from the streamlined sales tax compact (SSTA) as well as it not being the first step to the removal of Kansas from the SSTA. General Counsel Larry Baer (<mailto:lbaer@lkm.org>) is the League contact on this issue.

- **Remote Sales and Compensating Use Tax:** This week the League testified during Senate Assessment and Taxation Committee in support of SB 111 ([http://www.kslegislature.org/li/b2017\\_18/measures/sb111/](http://www.kslegislature.org/li/b2017_18/measures/sb111/)) which requires out-of-state retailers who do not collect Kansas sales tax and sell \$100,000 in merchandise to Kansans to furnish a notice to a Kansas purchaser and the Kansas Department of Revenue if goods are purchased in a total amount exceeding \$500 annually. The notice would provide the purchaser the amount they can provide on their K-40 tax form to pay the use tax that is due. The League will continue monitoring the bill and notify members if the Committee sets a date to work the bill. The League also produced a press release (<http://www.lkm.org/resource/resmgr/media/SB111-compensatingusetax-wit.pdf>) on this item for statewide media. Cindy Green (<mailto:cgreen@lkm.org>) is the League contact on this issue.
- **STAR Bond Projects and Reauthorization:** Representatives from Wichita, Dodge City, Overland Park and Manhattan will be presenting their local Sales Tax Revenue (STAR) Bond projects in the Senate Commerce Committee next week. The STAR Bond legislation was created to allow municipalities to finance major commercial, entertainment and tourism areas by issuing bonds which are repaid with the sales tax revenue generated. The legislation expires on July 1, 2017. HB 2184 ([http://www.kslegislature.org/li/b2017\\_18/measures/hb2184/](http://www.kslegislature.org/li/b2017_18/measures/hb2184/)) was introduced to extend the legislation until July 1, 2022. Staff will provide testimony supporting the extension of the legislation and are reviewing

the bill for additional changes. Cindy Green (<mailto:cgreen@lkm.org>) is the League contact on this issue.

- **Working after Retirement:** On Monday, February 13, the House Committee on Financial Institutions and Pensions will hold a hearing on HB 2268 ([http://www.kslegislature.org/li/b2017\\_18/measures/hb2268/](http://www.kslegislature.org/li/b2017_18/measures/hb2268/)), the vehicle for working after retirement, at 9:30 a.m. in room 281-N. Prior to the 9:30 a.m. hearing, the subcommittee on working after retirement will meet at 9:00 a.m. in the same room to finalize their recommendation to the full committee. The League has been working with the subcommittee over the past month to ensure that language would be included to exempt independent contractors and employees of third-party entities from the working after retirement compensation and reporting/certification requirements. Provided the subcommittee recommends language in HB 2268 ([http://www.kslegislature.org/li/b2017\\_18/measures/hb2268/](http://www.kslegislature.org/li/b2017_18/measures/hb2268/)) that would exempt independent contractors and employees of third-party entities, then the League will offer testimony in support of HB 2268 ([http://www.kslegislature.org/li/b2017\\_18/measures/hb2268/](http://www.kslegislature.org/li/b2017_18/measures/hb2268/)). If you have any questions, please contact Brock Ingmire (<mailto:bingmire@lkm.org>).
- **Medicaid Expansion (Bridge to a Healthy Kansas):** On Wednesday, February 8, the League provided oral testimony in support of expanding Medicaid in Kansas (HB 2064). The League also sent out a press release (<http://c.ymcdn.com/sites/www.lkm.org/resource/resmgr/media/HB2064-BridgetoaHealthyKS.pdf>) to statewide media highlighting challenges with hospital funding in Fredonia, Wellington, Independence and Coffeyville. The House Health and Human Services Chair approved working the legislation but it has not been listed on the calendar as to when it might be worked. League counsel Amanda Stanley (<mailto:astanley@lkm.org>) is the contact on this issue.
- **Abandoned Property:** SB 31 was scheduled to be worked by the Senate Ethics, Elections and Local Government on Thursday, February 9; however, the Committee meeting was cancelled by Senate leadership to permit the full Senate to work on tax and budget bills all

day Thursday. The Committee Chair has indicated that SB 31 will now be worked on Tuesday, February 14. General Counsel Larry Baer (<mailto:lbaer@lkm.org>) is the League contact on this issue.

For a full look at the week ahead, download the League's Legislative Activities Calendar ([https://lkm.site-ym.com/resource/resmgr/files/league\\_news/2017/Additional\\_Documents/Legislative\\_Activities\\_Fe](https://lkm.site-ym.com/resource/resmgr/files/league_news/2017/Additional_Documents/Legislative_Activities_Fe)). We've added an icon to show which committee meetings can be heard online with the new live audio streaming function.

## 2 | Kansas Mayor of the Year Nominations

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The Kansas Mayors Association is currently accepting nominations for Mayor of the Year Award. The award will be presented at the Leadership Summit & Kansas Mayors Conference, April 21 and 22, in Dodge City. If you know a mayor who has selflessly donated to his or her community and to the Kansas Mayors Association, we would encourage you to nominate him or her. To do so, please complete the nomination form along with a page or less description of why the mayor you chose should be named Mayor of the Year. Nomination forms have been mailed to all cities, or go online and download the form at [lkm.org/page/ksmayors](http://www.lkm.org/page/ksmayors) (<http://www.lkm.org/page/ksmayors>). Please note nominations must be submitted to the League by March 3 via e-mail, fax or regular mail. For questions, please contact Cindy Green (<mailto:cgreen@lkm.org>) or Tami Martin (<mailto:tmartin@lkm.org>) or call 785-354-9565.

## 3 | Have You Submitted Your Hometown Showdown Photo?

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The deadline to submit your city's official photo for the third annual Kansas Hometown Showdown is next Friday, February 17! Slots are filling fast and we are on our way to gathering the 64 entries needed. Cities can submit their photos online at [showdown.lkm.org](http://showdown.lkm.org) (<http://showdown.lkm.org/>). The entry deadline is February 17, or once we have received 64 submissions.

whichever comes first. The contest winner will have their photo placed on the cover of a future issue of the Kansas Government Journal and, of course, earn bragging rights. Please contact Megan Gilliland (<mailto:mgilliland@lkm.org>) with questions on Hometown Showdown.



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