

SESSION OF 2015

SUPPLEMENTAL NOTE ON SENATE BILL NO. 109

As Amended by Senate Committee on Utilities

Brief*

SB 109, as amended, would create the Kansas Disaster Utilities Response Act (Act).

Definitions

The bill would define the following terms: declared state disaster or emergency; disaster response period; disaster or emergency-related work and work in preparation of a disaster; critical infrastructure; registered business; out-of-state business; out-of-state employee; and state agency.

Out-of-state businesses conducting operations within the state for disaster or emergency-related work would not be considered to have established a level of presence requiring registration, licensing, or filing or remitting state or local taxes. Similarly, out-of-state employees would not be considered to have established residency in the state that would require the employee or the employee's employer to file and pay state income taxes. However, out-of-state businesses and employees would be required to pay transaction taxes and fees on purchases for use or consumption in the state during the disaster response period, unless otherwise exempted.

Out-of-state businesses and employees that remain in the state after the disaster response period would become subject to the state's normal standards for residency or doing business in the state and would be responsible for tax

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

requirements or obligations and registration, licensing, or filing requirements.

Upon request of the Kansas Department of Revenue (KDOR), the out-of-state business or its affiliate that enters the state would be required to provide a written statement that the business is in the state for disaster or emergency-related purposes.

An annual record of all declared state disasters and emergencies would be maintained by the KDOR and the agency would be authorized to promulgate any necessary rules and regulations to implement the Act.

Background

The bill was introduced by the Senate Committee on Utilities at the request of a coalition of Kansas utilities and telecommunications organizations.

At the Senate Committee hearing, AT&T testified on behalf of the coalition in support of the bill. The members of the coalition include: Atmos Energy, AT&T, Black Hills Energy, Century Link, Cox, Empire, ITC, Kansas Cable Telecommunications Association, Kansas Chamber of Commerce, Kansas Electrical Cooperatives, Kansas Gas, Kansas Rural Independent Telecommunications Coalition, KCP&L, ONEOK, Spring, State Independent Telephone Association, Verizon, and Westar. CenturyLink provided additional testimony in favor of the bill.

Proponents stated the bill was crafted by a coalition of companies and associations that operate in every corner and county of the State, including over 75 individual telecommunications, utilities, and infrastructure companies. The proponents also stated the language for the bill is based on model legislation adopted by the American Legislative Exchange Council (ALEC) and the National Conference of State Legislatures (NCSL). The testimony indicated the bill

temporarily would reduce regulations and barriers for out-of-state workers to join local relief efforts in responding to declared emergencies.

There was no neutral or opponent testimony provided.

The Senate Committee amended the bill to include “work in preparation of a disaster” as part of the allowed disaster or emergency-related work. In addition, the Senate Committee approved amendments to clarify the language of the bill would apply during any disaster response period or as a result of disaster or emergency-related work. The Senate Committee also added language which clarifies the Act does not exempt any person from the requirements of the Kansas Roofers Registration Act.

The fiscal note prepared by the Division of the Budget on the bill, as introduced, states the KDOR estimates enactment of the bill would have a negligible fiscal effect to State General Fund revenues.