

Lenexa Chamber of Commerce
2018 State Legislative Agenda – *The Results!*

TAXATION

Support Tax Policies That Preserve Johnson County’s Economy & Quality

The Chamber strongly supports pursuing balanced income, sales, and property tax policies that adequately fund the core state budget while preserving Johnson County’s economic competitiveness and quality of life, including maintaining fair and competitive tax rates that do not unreasonably burden Kansas businesses, preserving competitive sales tax exemptions, and continuing the sales tax exclusion for professional services.

***OUTCOME:** Legislation (HB 2228) that makes a number of changes to income and sales tax policy – several of the provisions in response to December’s federal tax bill in an effort to minimize a projected state tax revenue windfall – was **passed by the Senate but failed to pass the House.** The bill includes:*

- *Providing the option to take Kansas itemized deductions regardless of whether itemized or standard deductions are being claimed for federal tax purposes;*
- *Accelerating the restoration of three itemized deductions (medical expenses, mortgage interest, and property taxes paid) for state income tax purposes;*
- *Starting in tax year 2018, reinstating for non-corporate business taxpayers the expensing deduction for costs of placing commercial machinery and equipment and computer software into service in the state;*
- *Clarifying that for tax year 2017 and thereafter Kansas would not tax certain deferred foreign income coming back to the U.S., deemed to be repatriation income (Kansas not currently receiving);*
- *For tax year 2018 only, excluding global intangible low-taxed income (GILTI) – essentially foreign income going forward – from being subject to Kansas income tax (Kansas not currently receiving);*
- *For tax year 2018 only, excluding certain disallowed business interest expenses, certain capital contributions, and disallowed FDIC premiums paid by large financial institutions from being subject to Kansas income tax;*
- *Authorizing a number of other provisions including income tax credits for the Eisenhower Foundation; income tax credits for goods and services purchased from qualified vendors employing Kansans with disabilities; partial ROZ income tax exemptions for Crawford, Cowley and Seward counties; local sales tax authority in Dickinson, Jackson, Russell, and Thomas counties; sales tax exemptions for gold and silver coins and bullion and for Midland Hospice; a revised definition of alcohol in motor fuels tax law, and clarification regarding the local property tax lid when one local taxing entity absorbs another.*

Per the Legislative Research Department, the estimated fiscal impact of the bill would be:

	(\$ in millions)		
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Itemized deduction option	(30.000)	(30.500)	(31.000)
Reinstate expensing deduction	(9.700)	(9.800)	(9.900)
Accelerate 3 itemized deductions	(26.000)	(30.000)	0.000
Disallowed business interest - 1 yr	(9.500)	0.000	0.000
Certain capital contributions - 1 yr	(0.200)	0.000	0.000
Disallowed FDIC premiums - 1 yr	(0.500)	0.000	0.000
Qualified vendor disabled credit	(1.700)	(1.700)	(1.700)
Midland Hospice	(0.300)	(0.306)	(0.312)
Gold, silver, palladium, platinum, bullion	(0.008)	(0.008)	(0.008)
Cowley, Crawford, Seward ptl ROZ	(0.300)	(0.300)	(0.300)
<u>Eisenhower tax credit - 2 yrs</u>	<u>(0.250)</u>	<u>(0.250)</u>	<u>0.000</u>
State General Fund	(78.408)	(72.813)	(43.168)
State Highway Fund	(0.050)	(0.051)	(0.052)

Lawmakers are likely to revisit the income tax itemized “decoupling” issue. Current state law allows taxpayers to itemize on their state tax return only if they itemize on their federal tax return. Now that the federal standard deduction amounts have substantially increased to \$12,000 single/\$24,000 MFJ, more Kansans are expected to take the federal standard deduction – but they will then be limited to the \$3,000 single/\$7,500 MFJ state standard deduction, giving up their itemized deductions for mortgage interest, property taxes paid, medical expenses, charitable contributions, and more, which – if those total more than the state standard deduction – would cost them more in state income taxes than they would otherwise owe, an outcome a number of legislators would like to avoid.

In addition, both the expensing and business income provisions in the bill are important to many businesses, large and small, to avoid what may be new and/or substantially greater state tax liability. HB 2228 sought to decouple from certain business income changes included as “pay-fors” in December’s federal tax reform bill, implemented to offset lower federal corporate income tax rates – these provisions and the foreign income included have never been included as tax base subject to Kansas state income tax, there is not a corresponding rate or deduction offset, it could be very complex and difficult for taxpayers and KDOR to apportion, and the capital contribution piece is an economic development disincentive. As a result, revisiting these policies is expected to be a business priority in the 2019 session. In the meantime, KDOR may issue regulatory guidance clarifying that repatriation income is not part of the state tax base, as states like Florida, Tennessee, and Illinois have done.

Legislation (SB 303) reinstating the income tax expensing deduction for non-corporate business filers in parity with corporate filers, retroactive to Jan. 1, 2017, was **passed by the Senate but tabled by a House committee.** This deduction related to the costs of placing commercial machinery and equipment into service was repealed for non-corporate filers in 2012 when the so-called “LLC exemption” was put into place because these filers had no state tax liability. When the “LLC exemption” was repealed in 2017 and tax liability was reinstated, due to an oversight the deduction was not also reinstated in that legislation.

Legislation (HB 2756/SB 111) addressing large out-of-state retailers with no physical nexus to Kansas who do not collect sales/use tax here was **passed by House and Senate committees but not taken up by the full House or Senate.** The bills establish online “click-through” nexus and sales thresholds that create economic nexus triggering these retailers to collect and remit sales tax in Kansas. The U.S. Supreme Court, however, is expected to issue a ruling this summer on the collection of sales tax on online sales. Kansas lawmakers opted to wait for that guidance and, if needed, will develop a response in 2019.

Legislation (HB 2380) establishing a Property Tax Study Review Commission to report to the legislature in January 2020 was **passed by a Senate committee but not taken up by the full Senate.**

Legislation (SB 444) reducing state sales tax on food from 6.5% to 4% on July 1, 2019, and to 2% on July 1, 2020, was **passed by a Senate committee but not taken up by the full Senate.**

Retain Flexible Revenue & Spending Authority

The Chamber opposes the imposition of state or local tax and spending lids and other unreasonably burdensome mandates for reporting and approving tax or budget measures and supports repeal of the mandated public vote on utilization of increased local property tax revenues.

OUTCOME: Legislation (HB 2755) creating an exception to the election requirement under the local property tax lid for cities and counties that assume duties of an abolished entity was **passed by the House but not taken up by the Senate.**

EDUCATION

Support K-12 Public Education Funding Fair to Johnson County

The Chamber supports K-12 education funding that treats Johnson County students fairly, does not unreasonably burden taxpayers or adversely impact other core state services, maximizes fiscal resources by correlating funding to actual operational costs, encourages administrative consolidation, rewards efficiency and outcomes, and respects local control over funding, spending, and curriculum choices.

To help ensure access and quality for all K-12 students, the Chamber also opposes programs that divert public funds, directly or indirectly, to private alternatives not subject to the same mandates, regulations, and accountability requirements governing public schools.

OUTCOME: *Legislation (SB 423/SB 61) revising K-12 education funding and policy was signed into law and submitted to the Kansas Supreme Court for review. Notable provisions include:*

- *Adding about \$535 million in new K-12 education funding over the next 5 years. Including the nearly \$300 million over two years provided in the 2017 school funding bill (SB 19), schools will see total new funding from 2018-2023 of about \$823 million.*
 - *Currently at \$4,006/pupil, new Base Aid for Student Excellence (BASE) amounts will be:*
 - *School year 2018-2019, \$4,165/pupil (prior law had set it at \$4,128/pupil);*
 - *School year 2019-2020, \$4,302/pupil;*
 - *School year 2020-2021, \$4,439/pupil;*
 - *School year 2021-2022, \$4,576/pupil;*
 - *School year 2022-2023, \$4,713/pupil.*
 - *Beginning in school year 2023-2024, BASE will increase tied to the CPI. (Note: The 2017 school funding legislation had provided for inflationary increases beginning in school year 2019-2020.)*
- *Increasing special education funding by \$44.4 million in 2018-19 plus \$7.5 million each year thereafter until 2022-23.*
- *Revising Local Option Budget (LOB) funding and distribution, including:*
 - *Requiring each school district to adopt a minimum 15% LOB. The legislation includes a statement that moneys provided to districts pursuant to the required portion of the LOB shall be included in determining the adequacy of total funding and that any other moneys provided by LOBs may also be included in determining the adequacy of total funding.*
 - *Beyond the required LOB amount, authorizing districts to adopt an LOB up to the current maximum 33% by action of the local school board, subject to protest petition for proposed LOBs above 30%. LOB protest petition provisions were made consistent with capital outlay protest petition requirements.*
 - *Computing LOB state aid using a district's current year budget (a constitutional equity issue), and increasing the LOB BASE of \$4,490 by the CPI beginning in 2019-20.*
 - *Requiring that a proportionate share of a district's general fund weightings for at-risk and bilingual students also be applied to the district's LOB and that those LOB funds be transferred to the district's at-risk and bilingual funds, thus requiring that a proportionate share of LOB funds also be spent exclusively on at-risk and bilingual programs.*
- *Revising various weightings and state aid in the school finance formula, including:*
 - *Eliminating a provision in current law that allows school districts to expend capital outlay funds on utilities and property and casualty insurance (a constitutional equity issue).*
 - *Revising the approval process and bond cap applied to proposed bond elections that would qualify for capital improvement state aid.*
 - *Removing language that provides for a 10% minimum for the at-risk student weighting, a change that will impact the DeSoto School District (a constitutional equity issue).*

- Codifying the transportation weighting calculation essentially as it has been done for decades (including providing for a statutory minimum level of transportation funding) and increasing the cost factor for students more than 2.5 miles away from school from 2.8 to 5.0.
- Repealing the July 1, 2019, sunset for the career and technical education (CTE) weighting.
- Delaying until July 1, 2020, the sunset on the provision that allows for calculation of high density at-risk weighting at the school building level.
- Increasing funding for early childhood programs for preschool-aged at-risk students.
- Creating a Mental Health Intervention Team pilot program between participating school districts and community mental health centers (CMHCs) for FY 2019 (none of the districts are in Jo Co).
- Allocating funding to provide the ACT and three WorkKeys assessments required to earn a national career-readiness certificate to each student enrolled in grades 9-12.
- Clarifying the Kansas State Board of Education's (KSBE) accreditation system, including requiring accountability measures applied at the school district level and the school building level and providing for additional transparency and data collection.
- Setting a schedule for education-related audits to be completed by the nonpartisan Legislative Division of Post Audit (LPA) in order to review progress and the impact of these changes.

According to the Kansas Department of Education (KSDE), school districts in Lenexa would see state aid funding increases in DeSoto of about \$1.8 million, Olathe about \$10.5 million, and Shawnee Mission about \$4.3 million. Other Johnson County school districts would see state aid funding increases in the upcoming school year in Blue Valley of about \$4.8 million, Gardner about \$2.2 million, and Spring Hill about \$1.5 million.

As part of the ongoing Gannon school finance litigation, the Kansas Supreme Court gave lawmakers until May 8 to submit a revised framework that would achieve constitutional funding adequacy (whether the amount of funding overall is enough for districts to provide every student a reasonable opportunity to master certain specified competencies) and correct four specific deficiencies in funding equity (whether financial resources are fairly distributed among districts to provide all students reasonably similar opportunity to master those competencies for reasonably similar local tax burden.). The Court is scheduled to hear oral arguments on SB423/SB61 on May 22 and is expected to issue a ruling on its constitutionality before June 30.

Because the legislation does not include a “non-severability” clause that would require the Court to accept either all of the plan or none of it – a significant difference from past K-12 funding bills -- the Court can simply strike any provisions it may find constitutionally inequitable (and a number of legislators believe new changes in the legislation have created new equity issues.) But if the plan is still found to be constitutionally inadequate, lawmakers could be forced back to Topeka for a special session to avoid having schools closed on and after July 1.

A proposed state constitutional amendment (HCR5029) that would limit the judiciary's scope of review over K-12 education funding to equity and not adequacy was **adopted by a House committee but was not taken up by the full House.**

Fund a Strong & Affordable Post-Secondary Education System

The Chamber supports state investment that sustains and prioritizes public post-secondary education to help ensure affordable access and quality for all students, rewards efficiency and outcomes, promotes programs that match workforce needs including career/technical training, and supports R&D and commercialization.

OUTCOME: Legislation (SB 109) adjusting the state budget for current FY 2018 and upcoming FY 2019 for most state agencies, including higher education, was **signed into law.** The bill adds \$15 million from the State General Fund to help further restore the 4% allotment cut (\$30.7 million) made to the Board of Regents and to state universities in FY2017 to help balance the budget. (Note: Last year the 2017 legislature allocated additional funding for KU and K-State to partially restore what were believed to be

disproportionate reductions to those two institutions when the FY2017 allotment cuts were allowed to vary by institution from 2.7%-5.1%. That 4% allotment cut to the Regents system in FY2017 expanded a 3% cut -- or \$17 million – made in FY2016.)

TRANSPORTATION

Protect Dedicated Investment in Transportation Infrastructure

The Chamber supports preserving the full and direct transfer of dedicated transportation funding as passed in T-WORKS and opposes further diverting those funds to other purposes.

OUTCOME: Legislation (SB 109) that reduces the amount of transportation funding diverted to other budget purposes was **signed into law**. The bill reverts to paying for about half of K-12 education transportation costs (\$57.3 million) from the State General Fund – as it used to be – rather than the State Highway Fund where those funds could otherwise be used for transportation needs.

Legislation (SB 391) that establishes a Transportation Vision Task Force – which many believe will lay the foundation for a new statewide transportation plan – was **signed into law**. The makeup of the task force, comprised of more than 30 members, is specified in the legislation and includes certain elected officials, appointees of certain officials, and representatives of stakeholder groups. The task force will:

- Evaluate the progress of the 2010 T-WORKS transportation program to date;
- Evaluate the current condition of the state transportation system, including roads and bridges;
- Solicit local input on uncompleted and future projects in at least 8 meetings held around the state;
- Evaluate current uses of State Highway Fund dollars, including fund transfers for other purposes outside of infrastructure improvements;
- Evaluate current transportation funding to determine whether it is sufficient to not only maintain the transportation system in its current state, but also to ensure it serves future transportation needs;
- Identify additional necessary transportation projects, especially projects with a direct effect on the economic health of Kansas and its residents;
- Make recommendations regarding transportation system needs over the next ten years and beyond;
- Make recommendations on the future structure of the State Highway Fund as it relates to maintaining the state infrastructure system; and
- Submit a report to the Legislature by January 31, 2019.

BUSINESS COSTS

Reduce Regulatory Burdens and Uncertainty

The Chamber supports stable and limited government regulation in the marketplace.

OUTCOME: Legislation (HB 2280) that provides for greater review of proposed state rules and regulations, particularly as to their effect on business, was **signed into law**. Notable provisions include:

- Revising the contents of the economic impact statement accompanying a state agency’s proposed rule or regulation to require a quantified cost-benefit analysis that considers:
 - The extent to which the rule and regulation will enhance or restrict business activities and growth;
 - The economic effect on the Kansas economy, including specific businesses, business sectors, public utility ratepayers, individuals, and local units of government;
 - The businesses that will be affected directly;
 - The benefits compared to the cost;
 - Measures taken by the agency to minimize the cost and impact on businesses and economic development within the state, local units of government, and individuals;

- An estimate of the total annual implementation and compliance costs that will be expected to be absorbed by businesses, local units of government, or members of the public; whether these costs will exceed \$3 million over a two-year period; and if so, require a public hearing; and
- Where applicable, an explanation as to why a proposed Kansas policy differs from what an agency of a neighboring state or the federal government adopted.
- Requiring the state agency to consult and solicit information from businesses, business associations, local governmental units, state agencies or institutions, and members of the public who may be affected by the proposed rule/regulation or who may provide information relevant to the C/B analysis.
- Requiring a separate independent analysis of these same factors by the State Budget Director, and if it is determined the impact will exceed \$3 million over a two-year period, providing the Director the option to disapprove the proposal.
- Directing an audit be conducted in 2021 that reviews the accuracy of the economic impact statements and whether the \$3 million threshold is the appropriate level to trigger an additional public hearing.

Legislation (HB 2469) prohibiting local units of government from imposing restrictions or enforcing local licensing or registration ordinances on temporary insurance claims handling operations within a disaster area was **signed into law**. The bill requires insurers to notify the city or county prior to establishing a claims handling operation, and locals are not prohibited from exercising powers to preserve public health and welfare including enforcing building, zoning, and fire safety codes.

Support an Impartial & Cost-Effective Legal System

The Chamber supports a fair, nonpartisan, efficient, stable, and cost-effective legal system to resolve business disputes and a non-election process for selecting judges.

OUTCOME: Legislation (SB 199) revising the conditions for seeking a court order to stop a judgment from being enforced while a case is on appeal was **signed into law**. Currently a party seeking such an order must provide an appeals bond equal to the full amount of the judgment unless undue hardship or denial of the right to an appeal can be shown. This bill creates a rebuttable presumption there will be undue hardship where the judgment amount exceeds \$2.5 million, the defendant is a “small business,” and the judgment is for a claim arising from activities within the defendant’s ordinary course of business. “Small business” is defined as a sole proprietorship, partnership, limited liability company, corporation, or other business entity, whether for-profit or not-for-profit, with between 2 and 50 employees that is not a corporate affiliate or subsidiary of, or owned in whole or in part by, any other business.

Subject to certain exceptions, the bill also caps the amount of any appeals bond to no more than \$25 million, regardless of the full amount of the judgment.

Caps would not apply if there is a preponderance of evidence that the appellant is likely to purposefully dissipate or divert assets outside of the ordinary course of its business for the primary purpose of avoiding payment of the judgment.

Legislation (HB 2457) enacting the Asbestos Trust Claims Transparency Act, which applies to all asbestos claims filed on or after July 1, 2018, was **signed into law**. Described by the Chairman of the House Judiciary Committee as “common sense tort reform that balances our state’s business friendly reputation with protections for those who need them,” the bill helps ensure parties to asbestos trust claims receive all fact discovery materials and that they are received in a timely manner.

Legislation (HB 2461) awarding costs and attorneys fees to plaintiffs prevailing in unpaid wage claims **received a hearing in a House committee but did not advance**.

Maintain Unemployment Comp and Workers Comp Reforms

The Chamber supports unemployment compensation and workers compensation policies and reforms that promote stability and fairness, protect employer costs, reduce administrative burdens, and encourage employment and accountability.

***OUTCOME:** Legislation (HB 2184) increasing certain benefits under the Workers Compensation Act when an employee dies at the workplace was **signed into law**. Notable provisions include:*

- *Increasing the initial death benefit shared 50/50 between the surviving spouse and dependent children from \$40,000 up to \$60,000;*
- *Clarifying certain conditions governing the subsequent weekly benefits paid to dependent children;*
- *Increasing benefits payable to other individuals who were wholly or partially dependent upon a deceased employee's earnings;*
- *Increasing the lump-sum benefit to heirs from \$25,000 up to \$100,000 (subject to an offset for any employer-provided life insurance policy of at least \$50,000); and*
- *Increasing the maximum amount paid by the employer for burial expenses from \$5,000 to \$10,000.*

*Legislation (HB 2785) reducing the period of disqualification for unemployment compensation benefits upon false statement or representation, or the knowing failure to disclose a material fact, from 5 years to 2 years – which would result in additional payments from the UI Trust Fund – was **tabled by a House committee**.*

*A proposed amendment (HB 2361) to revert the AMA medical guide governing workers compensation injuries and benefits, in particular evaluation of permanent impairment injuries, from the current 6th edition back to the 4th edition **failed (41-77) in the House**.*

*A proposed amendment (HB 2361) to allow employee choice of physician for purposes of workers compensation **failed (43-75) in the House**.*

*Legislation (HB 2487) giving the commissioner of insurance discretion to limit workers compensation experience modification increases resulting from motor vehicle accidents in which neither an employee nor the employer itself was at fault was **passed by a House committee but was not taken up by the full House**.*

Promote Affordable Health Care Coverage

The Chamber supports to the extent possible market-driven health care that reduces costs and promotes greater efficiency, prevention, and enhanced quality of care without imposing substantial new mandates, penalties, or increased cost.

***OUTCOME:** Legislation (HB 2028) requiring health insurers to cover remote telemedicine care that they now pay for in a conventional medical setting (but not specifying rate of pay) was **signed into law**.*

*A proposed amendment to the House's budget bill (HB 2365) to expand Medicaid eligibility, providing additional low-income Kansans with health care assistance, **failed (56-66) in the House**.*

Respect Employer-Employee Relations

Because employers and employees should remain empowered to decide employment issues based upon individual market circumstances, the Chamber opposes legislation that substantially intercedes in employer-employee relations, including unreasonable mandates or restrictions in hiring, compensating, accommodating, or terminating employees.

***OUTCOME:** Private sector legislation related to this agenda position **did not receive committee hearings**.*

ECONOMIC DEVELOPMENT

Preserve Competitive Economic Development Tools

The Chamber supports maintaining competitive state and local economic development tools that can attract or retain a variety of job creation and capital investment opportunities, including continuing to improve the effectiveness and financial return of state incentive programs and strengthening workforce development initiatives.

OUTCOME:** Legislation (SB 449) requiring the Department of Commerce to create a public database of state and local economic development incentive program information was **passed by the House but was not taken up by the Senate.

*Legislation (SB 296) that included a number of provisions related to economic development was **passed by the House but was not taken up by the Senate.** The bill includes:*

- *Extending the carryforward period for High Performance Incentive Program (HPIP) tax credits from 16 to 25 years at 25% of the value of the remaining credits for those additional nine years, capped at claiming no more than 10% of the remaining value in any one year (a version of this proposal earlier passed the Senate);*
- *Establishing the Ad Astra Rural Jobs Act, providing tax credits for certain venture capital investment in rural areas (a version of this proposal previously passed the House); and*
- *Revising the STAR bond program by capping the state's contribution amount in STAR bond districts submitted for approval after January 1, 2019, to 85% of state sales tax revenues.*

*Legislation (SB 448) creating a joint legislative economic development incentive review committee and providing for regular evaluations of Kansas economic incentives and reports to the legislature was **passed by a Senate committee but was not taken up by the full Senate.***

*Legislation (SB 432/SB 434) putting forth proposed reforms to the economic development Sales Tax Revenue (STAR) bond program **received hearings and discussion in a Senate committee but did not advance.***

*Legislation (SB 185) enhancing the powers of Johnson and Labette counties to redevelop their former Army ammunition plants was **signed into law.** Under the bill, a redevelopment authority could authorize the installation, maintenance, and operation of utilities to serve the redevelopment district, and it can incur debt and issue bonds to pay for the costs of developing and improving utilities and other properties within the redevelopment district. The 9,000-acre former Sunflower Army Ammunition Plant near DeSoto, considered an important future development node for Johnson County, is currently undergoing environmental contamination clean-up -- being managed by the U.S. Army – with part of the tract expected to be ready for development as early as 2020 or 2021 and full clean-up expected to be complete by 2028. The Army originally declared the Sunflower site excess in 1997, with the property mostly languishing since then.*

*Legislation (HB 2767) reinstating economic development enterprise zones **received a hearing in a House committee but did not advance.***

OTHER NOTABLE BILLS

State Budget

Legislation (SB 109) adjusting the state budget and capital expenditures for current FY2018 and upcoming FY2019 for most state agencies – including additional spending on certain priorities and partially restoring some past cuts -- was **signed into law**. The bill:

- Adds another \$15 million from the SGF to help restore the FY2017 4% allotment cut (\$30.7 million) to the Board of Regents and to state universities;
- Fully funds the \$194 million KPERs payment that had been deferred, ensuring that the full payment is made in FY2019 and FY2020;
- Adds \$57.3 million from the SGF to reduce State Highway Fund transfers to the Department of Education, leaving more state funding for transportation needs;
- Adds funding to increase nursing facility reimbursement rates;
- Adds funding to the Department of Children and Families to improve foster care and child welfare services;
- Adds funding to the State Water Plan Fund for critical water-related projects and planning; and
- Adds about \$15 million for additional state employee pay raises.

The bill leaves a projected ending reserve balance of \$447 million for the remainder of current FY2018 and \$375 million for upcoming FY2019.

Legislation (HB 2419) governing funding for a budget stabilization fund and expenditures therefrom was **passed by the House, but after being significantly amended, failed to pass the Senate**.

Firearms

Legislation (HB 2042) revising the authorized age for concealed carry and the requirements to legally concealed carry on Regents and community college campuses was **passed by the House and Senate in different versions and no compromise bill was ultimately considered, so current law remains in effect**.

Liquor Laws

Legislation (HB 2470) revising a number of liquor-related laws was **signed into law**. The bill includes:

- Allowing licensed microbrewers to produce beer containing up to 15% alcohol (current law limits microbrewers to no more than 10% alcohol);
- Allowing licensed microbrewers to sell their beer to consumers in refillable containers for off-premises consumption;
- Expanding the hours that licensed businesses may serve or sell alcohol to 6am-2am (current law is 9am-2am);
- Expanding the hours farm wineries, microbreweries, and microdistilleries may sell their respective alcoholic products to between 6am-12am on any day (current law limits the hours these establishments may sell alcohol on Sundays to between 12pm -6pm for farm wineries and between 11am-7pm for microbreweries and microdistilleries.); and
- Allowing licensed drinking establishments to provide self-service beer to customers from automated devices in the same manner as is permitted for wine under current law, so long as the licensee monitors and can control the dispensing.

Legislation (HB 2502) providing for newly-authorized sales by cereal malt beverage (CMB) licensees of beer containing up to 6.0% alcohol to be subject to state and local sales tax instead of the state liquor enforcement tax was **signed into law**. (Note: Pursuant to legislation enacted in 2017, starting on April 1, 2019, CMB licensees will be allowed to sell beer containing up to 6.0% alcohol.)