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Kansas Legislative Report, January 9-13, 2023

The 2023 Kansas Legislative Session kicked off on Monday with the inauguration of Governor Laura Kelly into her second term of office, as well as the swearing in of 32 new House members and two new Senators.

Committees began meeting on Tuesday, receiving reports from agency heads on various programs and settling into the rhythm of another busy legislative session. Over 70 bills were introduced, and a dozen hearings already scheduled for next week.

Governor Kelly signed her first [Executive Order](#) of 2023 on Tuesday, which establishes the Early Childhood Transition Task Force. The body is charged with reviewing Kansas' early childhood programs and developing a roadmap for the creation of a new state, cabinet-level agency.

The Governor's State of the State Address was originally scheduled for Wednesday evening but was postponed after she received what ended up being a false positive COVID test. The rescheduled date for the State of the State is Tuesday, January 24 at 6:30pm.

GOP Legislative Agenda

Senate President Ty Masterson (R-Andover) and newly elected Speaker of the House Dan Hawkins (R-Wichita) announced their "A Better Way" roadmap during a press conference on Tuesday.

The agenda covers broad proposals on taxes, education, energy, healthcare, workforce, and welfare. GOP leaders also made it clear that discussions on transgender sports, parent's bill of rights, and abortion are not over. Notably, it does not include Governor Kelly's top initiatives to legalize medical marijuana or expand Medicaid.

A few ideas were more narrowly targeted. On tax policy, Republicans plan to simplify the tax code with a flat income tax rate and tax cuts for retirees. On education, the hot topics of school choice and critical race theory made the list. On energy, they plan to enact policies that lower electric rates and prevent environmental and social governance (ESG) state investments. On workforce, there will be a focus on encouraging technical education and strengthening apprenticeship programs. Read more about the GOP's full policy agenda [here](#).

Governor's Budget Review

Governor Kelly released her budget for this legislative session on Thursday. The House and Senate budget committees did little work during this first week of session, in part waiting for the budget to be released. The Legislature will have its own Research Department staff analyze the new budget and create reports for committee members to use during their deliberations.

The \$24.1 billion budget does have a positive ending balance, includes tax breaks, and funds education. Highlights of the Governor Budget include:

- Sales tax cuts and putting \$500 million in the “rainy day fund” are the issues that the Governor is touting the most in her budget.
- \$220 million for infrastructure spending to compliment possible federal infrastructure spending to be used for local or regional projects.
- Retiring of state debt early by using \$53 million to pay down debt the Kansas Water Office has in reservoir water storage fees to the federal government.
- Expanding Medicaid.
- Increases for the foster care program.
- Continued funding for the new Veteran’s home in northeast Kansas.
- Enhanced funding for the newly developed micro internship program for Kansas business and new Office of Apprenticeship.
- \$3 million for enhanced marketing campaign focused on workforce and recruiting talent to Kansas
- Childcare and housing programs get some increases in funding as part of workforce development.
- Statewide 5% increase in state employee pay to be more competitive with the marketplace and a new workforce marketplace study.
- Increased funding for cybersecurity to address various cybersecurity issues that came up with unemployment insurance claims at the Department of Labor, as well as other issues in other agencies.

The Governor says this budget does have increased overall spending, but at a much lower level than the rate of inflation – all while fully funding K-12 education and securing KPERS for state employee retirees. To learn more specifics on the Governor’s budget [click here](#).

Both House and Senate budget committees will start reporting out their own budget recommendations around the first part of February. Republicans have already voiced concerns about spending the \$53 million on water storage debt, saying it might be better to pay off other debt with that money. They also have raised concerns about the way special education funding is determined and allocated to local schools.

More differences will undoubtedly come up during the budget process this session.

Economic Development

On Tuesday, House Commerce Committee kicked off their year with an update from Paul Hughes, Deputy Secretary of Business Development, Kansas Department of Commerce, with an update on the mega Economic Development program APEX. Hughes provided an overview of the program and updated the committee on activity around the Panasonic agreement signed in July including cleanup, demolition, and preparation of the site and ramping up their Human Resources department with expectations initial hiring will begin in early January 2023. [Click here](#) to watch the committee update and [click here](#) view Hughes handout.

Taxation

House and Senate Tax Committees met this week for the introduction of several bills including the Governor's tax proposal to speed up eliminating the food sales tax, a sales tax holiday for school supplies and addressing the social security benefits cliff from \$75,000 to \$100,000.

In addition, Senate Tax Chair Caryn Tyson (R-Parker) introduced several bills Tuesday including bills on social security retirement buy down, removal of state income tax on social security, removing state sales tax on utilities paid at commercial properties, single tax bracket for individuals and corporations (but not a flat tax, as exemptions and standard deductions would still apply), net operating loss bill identical to HB 2597 from 2022 legislative session and a bill tying standard deduction to inflation.

Other tax proposals being discussed include elimination of the marriage penalty and adding a single factor apportionment option for businesses income reporting.

On Thursday, House Taxation Committee received an agency update from Secretary Mark Burghart, KS Department of Revenue. [Click here](#) to review the update.

Unemployment Insurance

After two years of scrutiny for how Kansas unemployment insurance claims were handled during the pandemic, Secretary Amber Schultz of Kansas Department of Labor provided an update to House Commerce Committee on Thursday. Schultz reported the agency has had over 45 audits, none which showed a breach of the system, but that they have implemented many changes to make KDOL a stronger agency. In addition, Secretary Schultz reported the Kansas Unemployment Trust Fund is one of the healthiest in the nation and avoided borrowing from the federal government during the pandemic. Finally, Schultz updated that committee the UI modernization project is underway and should be fully implemented by 2024, noting the Governor's requests for an additional \$29 million to complete the project. The view Sect. Schultz's presentation [click here](#).

Water

The House Water Committee will be meeting on Tuesdays and Thursdays this legislative session. This week was slow with only one presentation by David Barfield, retired Kansas Chief Engineer. There are many new faces on this year's committee, six of them serving their first

term in the Legislature. Chairman Jim Minnix (R-Scott City) has indicated the need for committee education as they take a deep dive into last year's comprehensive and controversial water bill, in addition to recommendations that came out of the 2017 Blue Ribbon Task Force. Next week, the committee will hold informational hearings by the Kansas Water Office and Kansas Geological Survey.

Energy & Utilities

The House Energy, Utilities and Telecommunications Committee will be meeting on Tuesdays and Thursdays this year. This week, the committee heard from Jeff McClanahan, utilities division director at the Kansas Corporation Commission, as well as presentations from the Kansas Advanced Power Alliance and Kansas Geological Survey. The committee has a new chairman, Representative Leo Delperdang (R-Wichita), who has indicated one of his focuses this year will be educating the committee on the state of the hydrogen industry in Kansas.

The Senate Utilities Committee also has a new chairman this year, Senator Rob Olson (R-Olathe). The committee met once this week on Thursday to hear two bill introductions dealing with light mitigation technology for wind turbines.

Both committees have a full slate on their agendas next week with overviews from various energy industries.

Insurance

The Kansas Insurance Department kicked off the year by introducing 11 bills in both the House and Senate Insurance committee. Many of the items are clean up and technical in nature in an effort to streamline the insurance code. Next week, Insurance Commissioner Vicki Schmidt, will provide an update on Wednesday in the House Insurance Committee.

Health & Welfare

The Senate Health and Welfare Committee heard from the Kansas Department of Health and Environment (KDHE) and Medicaid Director Sarah Fertig. Fertig outlined the major KanCare projects coming in 2023, including transitioning to a different federal authority waiver that will allow more flexibility in program spending; a focus on prenatal care and maternal/child health outcomes; and preparing for the rebidding of managed care contracts this fall.

Both the House and Senate Health Committees will hear from several state agencies next week as well as an overview on the state's foster care system by Legislative Post Audit.

Notable Bill Introductions

[Senate Bill 10](#) was introduced by retiring Senator Tom Hawk (D-Manhattan) on Monday and would increase legislative pay starting in 2025.

[Senate Bill 12](#) was introduced on Monday by Senator Mike Thompson (R-Shawnee) and the new chair of the Senate Federal and State Affairs Committee. The bill would make it unlawful to provide medical services for the purpose of gender reassignment.

[Senate Bill 21](#) was introduced in the Senate Tax Committee on Tuesday and provides a sales tax exemption holiday on certain school supplies. A hearing has been scheduled for next Thursday. A similar bill, [Senate Bill 29](#), was introduced on Wednesday by Senator Virgil Peck (R-Havana) and the new vice chair of the Senate Tax Committee.

[House Bill 2001](#) was introduced by Representative Brett Fairchild (R-St. John) on Monday and would define grounds for the impeachment of supreme court justices.

[House Bill 2004](#) was introduced on Tuesday by Representative Bill Rhiley (R-Wellington) and would place a tax on electric vehicle charging stations for road repair.

[House Bill 2005](#) was introduced by Representative John Carmichael (R-Wichita) on Tuesday and would create a traffic violation for driving while fatigued.

[House Bill 2013](#) was introduced in the House Elections Committee on Wednesday and would require a runoff election for statewide offices if neither candidate receives the majority vote.

[House Bill 2019](#) was introduced on Wednesday in the House Transportation Committee on behalf of Uber, defining in statute that transportation network drivers are classified as independent contractors.

[House Bill 2022](#) was introduced in the House Corrections and Juvenile Justice Committee on Thursday and would move the Kansas Highway Patrol under the jurisdiction of the Attorney General instead of the Governor.

[House Bill 2023](#) was introduced by Representative Susan Concannon (R-Beloit) on Thursday and would create the crime of interfering with hospital operations and increases criminal penalties for healthcare provider battery.

Reminder, the Legislature is off on Monday, January 16, 2023, for the Martin Luther King holiday, but will return on Tuesday for a week of more bill introductions, agency briefings and a few hearings on bills.