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Kansas Legislative Report, February 20-24, 2023

*The Kansas Legislature adjourned for Turnaround break late Thursday evening and will return to Topeka on Wednesday, March 1. Committees only met on Monday and Tuesday, leaving the next two days for debating and passing legislation on the floor. **Any non-exempt bills that didn't pass their house of origin or get "blessed" by leadership this week are dead for this year. Any bill that is introduced through or touches an exempt committee remains alive and actionable for the remainder of session. Exempt committees include Taxation, Federal & State Affairs and Calendar & Printing.***

When lawmakers return, they only have five weeks to finish all business for the year. First adjournment is scheduled for April 6, followed by three-week spring break before Veto Session begins on April 26.

Senate Tax Day

The Senate spent most of their Thursday floor work on tax policy, passing three key bills that will likely determine the Chamber's position on tax cuts during end-of-session negotiations with the House.

[Senate Bill 169](#) passed by a vote of 22-17 and changes the current three tier income tax structure to a **single rate of 4.75%** starting in tax year 2024. Any income under \$10,450 on married returns and \$5,225 for individuals would not be taxed. The bill is expected to cost the state \$1.3 billion over three years.

[Senate Bill 33](#) passed by a vote of 36-3 and is a compilation of four separate tax bills amended into one. The underlying bill would exempt all **social security benefits** from income tax starting in tax year 2023. The fiscal note on SB 33 is \$385.5 million over three years. During debate, lawmakers expanded the exemption to include **all retirement plan income**, estimated to cost an additional \$263 million annually. The Senate also added the following provisions to Senate Bill 33 before passage:

- [Senate Bill 30](#), which increase the individual income tax standard deduction by the federal **cost of living adjustment**, starting in tax year 2023.
- [Senate Bill 40](#), which allows taxpayers who carried forward federal **net operating losses** in tax years 2018-2020 to subtract those amounts from their Kansas

adjusted gross income. The deadline to file those amended returns would be extended to April 15, 2025.

- [Senate Bill 80](#), which excludes social security payments from household income for seniors and disabled veterans related to their increased **property tax homestead** claims.
- [Senate Bill 81](#), which provides a 25% Kansas income tax subtraction modification for the federal **Work Opportunity and Employee Retention tax credits**.

[Senate Bill 248](#) passed by a vote of 22-16 and replaces last year's gradual phase-out of the state **food sales tax** with a full elimination by next January 2024. The bill applies to both state and local taxes. The original SB 248 was proposed by Senate President Ty Masterson (R-Andover) and also fully eliminated the food tax by January. However, his bill applied only to healthy food and food ingredients. Senator Mike Petersen (R-Wichita) successfully amended the bill on the floor.

Women's Sports

Both the House and Senate passed related bills this week, aimed at addressing the controversial topic of allowing transgender students to participate in women's sports. The Legislature passed and Governor vetoed a similar bill last year. Neither initial vote counts this week were enough to override another expected veto by Governor Kelly.

[Senate Bill 180](#) passed by a vote of 26-10 and establishes the **Women's Bill of Rights** that specifies for purposes of any state law, rule, or regulation that an individual's gender means their biological sex, either male or female, at birth.

[House Bill 2238](#) passed by a vote of 82-40 and creates the **Fairness in Women's Sports Act** to require student athletes to compete in gender-specific sports based upon the student's biological gender.

Economic Development

[House Bill 2387](#), advanced to the Senate by a vote of [72-49](#). This bill amends the **STAR Bonds** program to include the creation of a permanent fund to be used to compensate existing STAR Bond Districts for loss of revenue due to the reduction in sales tax on food. The bill also adds as qualifying projects amusement parks over \$100 million investment as well as vertical and personal property for renovation of historical theatres. Committee amendments to the bill on Tuesday included clarification that amusement park projects could only include structures that house rides and not other buildings such as hotels. The committee also increased the amount of the project self-financing mechanism geared to rural projects from \$10 million to \$25 million.

[Senate Bill 91](#), The **Grow Kansas Film Industry** proposal, passed the full Senate Thursday on a vote of [28-7](#). This bill proposes to create income tax credits, sales tax exemptions and loan & grant programs geared to incent growth in the Kansas film industry. The bill was successfully amended by Senator Molly Baumgardner, R-Louisburg, to reinstate the educational grant programs that were taken out by the Senate Commerce Committee.

[House Bill 2292](#) passed the House Thursday on a final vote of [115 to 7](#). This bill enacts the **Kansas apprenticeship tax credit** act aimed at encouraging the development of apprenticeship programs in Kansas through income tax credits for participating for profit businesses employing apprentices and a grant reimbursement program for nonprofit businesses employing apprentices. The full program is capped at \$10 million. Currently thirty states offer some form of an apprenticeship incentive including Missouri, Iowa and Colorado. Adding Kansas to this list is seen as a positive step towards assisting employers with innovative ways to address their workforce shortages.

Tort Reform

Several tort reform bills passed before the turnaround deadline or were blessed and will continue to be worked before first adjournment.

[House Bill 2423](#)-Enacts the **act against abusive access litigation** which creates a civil action for determining whether litigation that alleges any access violation under the Americans with disabilities act or similar law constitutes abusive litigation and authorizing penalties for such abusive litigation. A hearing will be held in the House Judiciary Committee on Thursday.

[Senate Bill 243](#)-Enacts requirements and procedures for **settlement agreements regarding a minor**. The bill has passed the Senate and has been referred to the House Judiciary Committee.

[Senate Bill 75](#)-Changes the legal rate of interest from a fixed rate to a variable rate based on the statutory rate provided for **interest on judgments**. The bill has passed the Senate and will be referred to the House Judiciary Committee.

[Senate Bill 74](#)-Provides for joint liability for costs and sanctions in **third-party funded litigation**, requiring certain discovery disclosures and requiring payment of certain costs for nonparty subpoenas. The bill has been blessed so that the parties can work on compromise amendments.

Local Government

[House Bill 2237](#) did not advance this week after it was amended and passed out Committee. The bill authorizes certain telecommunications and video service providers to operate within **county public right-of-way**. An amendment was adopted in the House Utilities Committee that would require municipalities to impose right of way requirements in a nondiscriminatory and competitively neutral manner. Legislation will be considered on this issue again next session.

[Senate Bill 252](#) passed the Senate Assessment and Taxation Committee this week. The bill would provide sales and property tax exemptions for certain businesses that **compete against governmental entities**. Senate President Ty Masterson testified in support of the bill.

A hearing will be held on [Senate Bill 273](#) next week in the Senate Local Government Committee. The bill eliminates the cities **three-mile planning rule**. A similar measure was voted down in the House Local Government Committee next week.

Election Ballots, Drop Boxes

After hours of debate, both the House and Senate passed bills this week that would significantly change Kansas election laws.

[Senate Bill 209](#) passed by a vote of 23-17 and requires **advance mail-in voting ballots** to be received by 7:00 pm on the date of the election, eliminating the current three-day grace period. [Senate Bill 208](#) prohibits the use of any form of **locked ballot box** designated by county election officers as available for the use of depositing advance voting ballots.

[House Bill 2056](#) passed by a vote of 77-45. It makes the same change but also clarifies that advanced ballots turned in to the satellite election office or county-maintained election drop box would also be subject to the amended deadline. [House Bill 2053](#) does not go as far as outlawing locked ballot boxes outright but requires the Secretary of State to consult with county election officers and adopt rules and regulations by next January for the return of advance voting ballots. The rules and regulations must include, but not limited to, dates, times, and locations of available remote ballot boxes.

Senate Abortion Bills

The Senate passed three anti-abortion bills this week mostly along party line votes.

[Senate Bill 5](#) passed by a vote of 27-12 and amends the Kansas Telemedicine Act to prevent the prescribing of drugs intended to induce an abortion via **telemedicine**.

[Senate Bill 96](#) passed by a vote of 28-11 and allows a **tax credit for contributions** made to nonprofit pregnancy or residential maternity centers that assist women in carrying pregnancies to term and preventing abortion. [Senate Bill 219](#) passed by a vote of 26-12 and prevents facilities where elective abortions are performed from being eligible to purchase professional liability insurance from the state's **Health Care Stabilization Fund**.

Other Bills Advance

Several other previously reported bills passed either the House or Senate floor this week and stay alive for the second half of the legislative session.

- [Senate Bill 8](#): waives the filing penalty for misclassification of personal property.
- [Senate Bill 34](#): expands rural housing incentive districts.
- [Senate Bill 37](#): allows the transferability of housing investment tax credits.
- [Senate Bill 205](#): authorizes certain water rights in a water bank to use a MIFA.
- [House Bill 2019](#): allows TNC drivers to be classified as independent contractors.
- [House Bill 2133](#): allows retailers to assess a surcharge on credit card payments.
- [House Bill 2138](#): gives additional state aid to schools for career technical education.
- [House Bill 2279](#): requires annual GMD reporting.
- [House Bill 2302](#): earmarks 1.2% of the state sales tax for funding the State Water Plan.
- [House Bill 2326](#): extends the sunset of the scrap metal theft reduction program.

- [House Bill 2335](#): continues and increases grants toward short line rail maintenance.

Bills That Were Blessed

A few key bills which did not advance before the deadline have been blessed by leadership and will still be actionable after the turnaround date. They include the following:

- [Senate Bill 74](#): providing for joint liability for costs and sanctions in third-party funded litigation.
- [Senate Bill 104](#): allowing surcharge for purchases made with credit or debit card.
- [Senate Bill 238](#): increasing criminal penalties on fentanyl drug-related crimes.
- [House Bill 2083](#): creating Kansas vacant property act prohibiting municipalities from imposing fees or registration requirements on vacant property.
- [House Bill 2123](#): establishing the office of entrepreneurship in department of commerce.
- [House Bill 2275](#): increasing maximum amount of yearly income tax credits available for purchases under the disability employment act from qualified vendors.
- [House Bill 2334](#): extends the APEX mega incentive program one year and makes additional changes to the programs around suppliers.
- [House Bill 2344](#): proposes to expand the membership of the Council on Travel and Tourism and modifications to the Tourism Promotion Grant program.
- [House Bill 2380](#): requiring a criminal conviction for civil asset forfeiture
- [House Bill 2388](#): requiring licensing bodies provide verified electronic credentials and use centralized electronic credential data management systems with instantaneous credential verification.
- [House Bill 2400](#): creates Kansas Adult Learner Act.
- [House Bill 2401](#): KDOL Unemployment Insurance bill dealing with benefit year, temporary unemployment and other modifications.