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2023 Veto Session Wrap-up

The 2023 Legislature adjourned Sine Die late Friday night after passing the omnibus and education budgets and attempting to override many of the Governor's Veto's. Sine Die adjournment means the 2023 Legislative Session is officially concluded and legislators will not be able to return to override any additional vetoes on bills that may occur. Traditionally, Sine Die comes 3 weeks after the veto session ends, but this year Leadership made the decision to combine the two and officially end the 2023 Legislative session on the 89th day.

Most notable during the 2023 veto session were the two attempts by the Kansas Senate to override the Governor's Veto of a tax reduction bill, leaving millions in the state general fund and rainy-day fund. The education budget bill to fully fund education was passed without the controversial vouchers-like provision, which were coupled with enhanced special education funding. The second education funding bill was not taken up and making it less likely a special session will be called. Below are the highlights of issues addressed during the Veto Session.

Tax Packages

The Kansas Senate failed to overturn Gov. Laura Kelly's veto of [Senate Bill 169](#), the \$1.4 billion tax bill that would have enacted a single 5.15% individual income tax rate, an increase in the income tax standard deduction, full repeal of the state portion of the sales tax on food and a 1% reduction on the corporate income tax rate as set out in the APEX legislation from 2022. The Senate voted [26-14](#) for the bill, falling one vote short of the 27 needed to reverse the governor's veto of a bill. Former Republican Senator Dennis Pyle, now an independent, joined with Democrats to oppose the bill. On a second attempt, Senator Carolyn McGinn, (R) Sedgwick agreed to switch her vote leading leadership to believe they had the 27 votes needed to override the Governor's veto. However, Senator Rob Olson, (R) Olathe, switched his second vote to uphold the Governor's Veto and the reconsideration attempt failed on a vote of [25-14](#) with Senator Alicia Straub, (R) Ellinwood, passing on the second vote.

Two other tax bills were passed by the House and Senate advanced to the Governor for her consideration.

[House Bill 2002](#) creates two sales tax exemptions, authorize additional sales tax authority for certain counties, makes various changes to property tax law, and establishes a requirement for filing the release of tax warrants. More specifically the bill would:

- Create a sales tax exemption for the Kansas Suicide Prevention HQ.
- Create a sales tax exemption for Area Agencies on Aging.
- Provide county sales tax authority to Grant and Dickinson counties.
- Authorize county treasurers to electronically deliver property tax documents upon consent of the taxpayer.
- Grant the director of property valuation the authority to develop qualifying courses for county appraisers to be registered mass appraisers.
- Require filing release of tax warrants in the county where the warrant is docketed after payment of taxes owed.

[Senate Bill 8](#) contains 18 tax provisions dealing with income, sales, and property tax. Highlights included:

- Limit the instances in which a taxpayer must file personal property renditions and reduce or waives penalties for late filings.
- Amend law regarding revenue neutral rate notifications and appeals, and payment under protest procedures.
- Freeze property taxes for low-income seniors and disabled veterans.
- Make clarifications to the SALT Parity Act.
- Allow land and buildings used for agritourism to be classified as agricultural use.
- Allow taxpayers to subtract net operating losses in determining their gross income and amend the Homestead Property Tax Refund Act.
- Provide a sales tax exemption for certain telecommunication purchases.
- Exclude manufacturers' coupons from the sales or selling price for sales tax purposes.
- Provide a cost-of-living adjustment for the standard deduction and expand the exemption of Social Security benefits.
- Amend the disability unemployment income tax credit.
- Increase the tax credits for adoption and childcare expenses.
- Provide a tax credit for contributions to nonprofit pregnancy centers or residential maternity centers exempt from federal income tax.
- Create property and sales tax exemptions for certain businesses located in cities where a facility owned or operated by a governmental entity competes against the business.

Governor Kelly has been vocally critical about several provisions of SB 8, and many believe the bill is at risk of being vetoed. The Governor has 10 days from receiving the bills to sign them, allow them to become law without signature or veto the bills.

School Funding

Education funding was one the final votes of the 2023 Legislative. [House Sub for Senate Bill 113](#) passed the House on a vote of 83 to 37 and the Senate 23-16. The bill fully funds K-12 education by appropriating \$6.3 billion for schools. Additional provisions in the bill included:

- Reducing eligibility requirements from 185% to 250% of the poverty level for students participating in the Low-Income Students Scholarship Program and increases the income tax credit from 70 to 75% of contributions.
- Authorizing nonpublic students to participate in activities regulated by the KSHSAA if the student lives within the school district's boundaries.
- Extending the 20 mill exemption for two years.
- Providing for the disposition of school district real property and allowing the Legislature the right of first refusal to acquire the disposed property.

The Legislature was expected to consider a second education bill, [House Bill 2089](#), during the Veto Session which increased funding for special education by \$74 million. The bill also created the Kansas Education Enrichment Program (KEEP), which was more controversial and is similar to a school voucher program. Lawmakers ultimately adjourned without considering the bill.

Vaccines

A conference committee of comprised of the Senate Health Committee and House Federal & State Affairs Committee members met and quickly agreed on [House Bill 2285](#), which requires KDHE to study overdose deaths. The bill also restricts the authority of the KDHE Secretary and local health officers regarding infectious and contagious diseases. The bill also requires guidelines for infectious diseases be submitted to the Legislative Leadership prior to implementation and prohibits requirement of the COVID vaccine for any child in a daycare facility or student enrolling in K-12, prior to admission or attendance at school. Finally, it prohibits employers from discharging an employee solely for following an isolation or quarantine recommendation from a local health officer.

Despite opposition by the House Health Committee Chair, Represented Brenda Landwehr, (R) Wichita, who argued the issue needed more time to study the issue, the House passed the bill 63-56 and the Senate 22-18.

Governor Veto's Bills and Budget Provisions

Governor Laura Kelly vetoed more than 15 bills the legislature passed during the regular session and line item vetoed more than 15 provisions of the passed budget bill. Two key Kansas House members returned from personal or family medical issues to attempt to override these vetoes.

Key Veto's Overrides:

- **Food Assistance:** The House voted 84-40 and the Senate voted 28-12 to override Gov. Laura Kelly's veto of a bill broadening the work and job-training requirements for older Kansans to qualify for food assistance. The bill extends work requirements for able-bodied adults without dependents from 49 to 59 years old. The requirement now applies to able-bodied adults 18 to 49 years old. The bill requires someone 50 to 59 years old to work at least 30 hours per week or participate in a mandatory employment and training program.
- **Human Trafficking:** The House voted 85-39 and the Senate votes 30-9 to override the governor's veto of a bill that creates the crime of human smuggling and aggravated human smuggling.
- **Women's Bill of Rights:** The Senate voted 28-12 and the House voted 84-40 to override the governor's veto of a bill establishing in state law that an individual's sex means their biological sex, either male or female, at birth.
- **Inmate Gender:** The House voted 87-37 and the Senate voted 31-9 to override the governor's veto on requiring county sheriffs to clarify inmate's sex and to always keep them in separate rooms. The bill defines "sex" as an individual's biological sex at birth.
- **Overnight School Fieldtrips:** The House voted 85-39 and the Senate 30-9 to override the governor's veto of the bill requiring school districts to adopt overnight accommodation policies for students of each biological sex during school-sponsored trips. The bill is aimed at addressing a situation in Eudora when a female student was assigned to sleep in the same bed as a transgender student.
- **Tobacco Settlement Funds:** The House voted 85-39 and the Senate voted 28-10 to override the governor's veto of a budget item that called for using tobacco settlement money for a youth suicide prevention hotline administered by the attorney general's office. There was a disagreement between the legislature and the Governor over whether the tobacco settlement money could be used for that purpose.

Key Veto's Not Overridden:

- **Child Care Regulations:** The House failed to override the governor on a bill that would increase ratios and reduce regulations for child care in Kansas. The governor was concerned it would relax safety standards for children. The House failed to override the veto by three votes, 81-42.

- **Higher Education DEI:** The Governor line-item vetoed a budget measure preventing state universities from asking job applicants about diversity, equity, and inclusion. The House was five votes short of overriding Gov. Laura Kelly's veto of a budget proviso barring state universities from demanding job applicants to articulate their experience or commitment to diversity, equity and inclusion.
- **Kids hunting licenses:** The Senate failed to override the governor's veto in the budget which would allow children up to 15 years old to be eligible for a lifetime hunting and fishing license, citing agency revenue concerns. Last session, the legislature created a lifetime hunting and fishing license for youth up to 7 years old.
- **Parents bill of rights:** The House failed to override the governor's veto of a bill allowing parents to remove their children from lessons, classes, or activities they think are objectionable. The House was six votes short on the override attempt.
- **Voting:** The Senate failed to override the veto of a bill eliminating the three-day grace period for advanced mail ballots to arrive at election offices.

Omnibus Budget Bill

House and Senate budget negotiators were able to come to agreement on Omnibus budget bill, [Senate Bill 25](#) which includes all items that were not included in the original budget bill. SB 25 contains a number of items, including:

- \$10 million for World Cup area improvements. With the World Cup coming to the Kansas City region in 2026, along with the millions of tourists, a number of infrastructure improvements and economic development projects will be needed to accommodate and attract those tourists to the Kansas side of KC area.
- \$3 million for the meals on wheels senior food program statewide.
- \$10.5 million more for technical colleges statewide.
- New funding for the dairy teacher training program at KSU, as the dairy industry is growing fast in Kansas.
- Continued and expanded funding for the Mental Health Intervention Team pilot program for K-12 school districts.
- Additional \$13 million funding for the expanding Wichita State University and University of Kansas health center in Wichita, which received \$142 million in the original budget.
- Build Up Kansas program, used for infrastructure projects to bring in additional federal funds for infrastructure projects across Kansas.

The bill also includes a new state employee pay plan which gives a 10% pay increase to state employees more than 10% under market pay and a 5% pay increase to those

state employees 10% below and 10% above market pay. Those above 10% of the market pay will receive a 2.5% pay increase. In this plan, all state employees get a pay raise. In addition, all employees of the Department of Corrections and state hospitals get a 5% pay increase. Statewide elected officials, judges and justices, and legislators are not included in these pay raises.

This budget will leave a positive 20% ending balance at the end of this fiscal year, and a positive 27% ending balance for the next fiscal year.

Looking forward to 2024

The 2023 Legislative Session was the first year of Kansas' two-year bill cycle. Any bills that were not acted upon or were bundled and vetoed, will remain alive for action during the 2024 Legislative Session. Key issues held over for next session include the film tax credit, workers compensation reform and medical marijuana.

Lawmakers are expected to break and begin their work this fall as the interim committee unless the Governor calls for a special session this summer to address special education funding or tax relief.

As always, if you have any questions or need additional information about issues from the 2023 Legislative Session, please reach out to us. We are happy to help!