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Kansas Legislative Report, January 8-12, 2024

The 2024 Kansas Legislative Session kicked off on Monday with rare first day floor action to pass resolutions showing support for Israel but was quickly halted by a winter storm that hit Topeka Monday night. Most committee chairmen cancelled their meetings on Tuesday, so Wednesday was essentially the first day of business.

What is typical procedure for the first week, committees were busy receiving reports from agency heads and settling into the rhythm of legislative session while one (Senate Assessment and Taxation) even held a bill hearing. Sixty bills were introduced, and several hearings are already scheduled for next week.

Governor Proposes Alternative Tax Plan

Before legislators could officially gavel in on Monday, Governor Laura Kelly held a press conference announcing a \$1 billion tax plan as an alternative to Republican leadership's single income tax rate that she vetoed last year.

Standing beside her in support were several republican and independent Senators who were the swing votes that prevented the Senate from overriding her veto of the tax bill last year. Any hopes of getting a veto proof majority to override a veto this year were diminished greatly on Monday.

However, House and Senate Tax Committee leaders didn't waste any time and called a conference committee on Thursday afternoon to start assembling a tax package to send to Governor Kelly early this year. Discussions so far have raised the originally proposed 5.15% income tax rate for Kansans to 5.25%. They are also looking to include a few other non-controversial income tax provisions that were bundled into last year's tax plan and also vetoed last year.

State of the State Address

Governor Laura Kelly presented her [State of the State Address](#) on Wednesday evening, where she made clear to Kansans what her priorities are for the upcoming year.

The focus of this year's speech was clearly to tie her policies to growing a thriving rural economy. Kelly argued that Medicaid expansion would prevent more rural hospitals from closing, investments in early childhood development would address childcare

worker shortages, and fully funding of the State Water Plan and other water conservation efforts will help Kansas farmers and ranchers.

The address did not have too many surprises and garnered little unexpected reaction from [Republican leadership](#).

Governor's Proposed Budget

Budget committees had a joint meeting the day after the Governor's State of the State address. The [Governor's budget](#) priorities focus on one-time revenues for one-time expenditures, such as \$40 million for an Emergency Housing Matching grant. There are minimal base spending increases, focusing on debt reduction and a structural ending balance and aims to provide meaningful and sustainable tax relief for all Kansans.

Specific investments in key priorities include expanding Medicaid while keeping the State General Fund revenue neutral, water preservation, early childhood care and education, fully funding K-12 education, and increasing funding in special education.

Republican leadership has already stated that Medicaid expansion is a non-starter, but many of the other items are legislative priorities for them as well. Budget legislators will also discuss economic development funding, housing, and mental health care issues.

The Governor's budget proposal is the starting point of the budgeting process. Legislators will take her budget, review each agency's request and come up with their own proposal by the end of the session.

Senate Tax Hearing

This week, the Senate Tax Committee held its first hearing of the session on [Senate Bill 196](#), reinstating the Local Ad Valorem Tax Reduction Fund (LAVTRF). This bill would reinstate the transfers to local governments in 2024, which have not happened since 2003. The proponents of the bill stated these transfers will help reduce property taxes at the local level while opponents stated that these funds have been misappropriated and have not had a noticeable impact on property taxes. [Click here](#) to view the hearing.

Next Week

Legislators are off on Monday for the Martin Luther King Jr. holiday. On Tuesday, legislative committees will begin hearing bills and updates on key issues. The House and Senate Tax Conference Committee will continue their work on a broad-based tax plan that is likely to be ready for floor debate before the end of the week.