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Kansas Legislative Report, January 29 - February 2, 2024

It was week four of the legislative session, and 112 more bills were introduced. This is typically when committees go into overdrive to meet approaching legislative deadlines. Over 65 hearings are scheduled for next week.

Monday was the last day for individuals to request bill drafts from the revisor's office, and next Friday is the last day for bill introductions in non-exempt committees. Exempt committees – not subject to legislative deadlines – are House and Senate Federal and State Affairs, Senate Ways and Means, House and Senate Taxation, and House Appropriations.

Non-exempt committees have two more full weeks to complete their work before bills go to the floor and Turnaround break starts on February 23.

Governor's Tax Plan Receives Hearing

The Senate Tax Committee spent two days this week hearing [Senate Bill 377](#), which is Governor Laura Kelly's tax cut package. The proposal includes policy changes that would:

- Increase the standard deduction from \$3,500 to \$5,000 for single filers and from \$8,000 to \$10,000 for Kansans filing jointly
- Increase the homeowner exemption from the state's 20-mill property tax levy for public schools from \$42,000 to \$100,000.
- Eliminate income tax on social security benefits.
- Eliminate sales tax on food, diapers, and feminine hygiene products.
- Include a sales tax holiday in August for back-to-school supplies.

The bill is expected to cost the state \$450 million in fiscal year 2024 and \$300 million in the out years. Republican lawmakers were critical of several of the provisions included in her plan, particularly on the sales tax holiday and the lack of any cost-of-living adjustments. It's unlikely that SB 377 will pass the Senate Tax Committee in its current form, if at all.

Legislature Plans for Override

Late last week, Governor Kelly vetoed the Legislature's comprehensive plan to cut taxes. Since then, the House and Senate have been gearing up to hopefully override her veto. The House is expected to vote next Tuesday and should have enough votes

for the two-thirds majority required. It's still unclear if the Senate can get to 27, but leadership has been working hard trying to flip a vote or two.

[House Bill 2284](#) includes several of the same provisions as the Governor's proposal, with one additional piece that Kelly has vocally opposed since last year. The Republicans are proposing to move all Kansans from the current three bracket tier system to one single income tax rate of 5.25% starting in tax year 2025.

Republican legislators were seen around the Statehouse this week wearing green buttons with "310K" on them, which represents the number of Kansans they say would not have to pay income taxes under their plan (that currently do).

Business and Labor Propose Work Comp Reform

A bill was introduced on Wednesday that would implement significant changes to the state's worker's compensation system. [Senate Bill 430](#) would increase benefit caps for injured workers with annual cost of living adjustments, reduce requirements for future medical treatments, and would overall streamline the work comp system. The Legislature last made changes to Kansas' work comp laws in 2011.

Both business and labor groups appeared before a joint committee of House and Senate Commerce this week supporting what they say is a compromise they've been working on for over a year. They are strongly encouraging lawmakers to pass the proposal as written and not make any amendments to the bill.

Lawmakers Consider Plastic Bag Preemption

In response to the City of Lawrence considering and ultimately passing a resolution to ban the use of plastic bags, business and other consumer groups have advocated for a bill that would prevent future cities from following suit.

The Senate Federal and State Affairs Committee heard [House Bill 2446](#) on Tuesday, which would block all municipalities from banning, regulating, taxing or imposing fees on plastic straws, bags, cups, packages, and bottles designed for the consumption, transportation or protection of merchandise, food or beverage. The bill passed the House last year by a vote of 72-51. A similar bill did pass the full Legislature in 2022 but was vetoed by Governor Kelly.

Budget Review

Both the House and Senate budget committees passed budgets for smaller, fee-funded agencies that have fewer employees and fewer policy issues or programs that require budget appropriations.

The House Appropriations and Senate Ways and Means Committees received separate presentations from groups working on the 2026 World Cup effort in Kansas City. "KC2026" is organizing the activities and events on the Kansas side and are looking for state funding to the tune of \$28 - 32 million. Missouri organizers will be asking for \$70 million, in part because Arrowhead Stadium will be where the area soccer matches are played. Most of the funding in Kansas will go to transportation costs. Event organizers say they need more public transportation to handle the influx of soccer fans who will

come to Kansas to watch their teams practice and play in matches at Children's Mercy Stadium.

Three other Kansas sites will hold training camps: one in Johnson County, one in Lawrence, and one in Manhattan. One or two other sites in Kansas could also be chosen. Local infrastructure improvements, security, and staffing will use up the rest of the money requested.

Organizers say this event could bring in at least \$163 million to the Kansas economy, with tens of thousands of tourists from all over the world. Legislators are initially interested but would like to see cities use their transient guest and local sales taxes toward the effort. There will indeed be much more discussion on this issue.

Revenue Report

A revenue report released yesterday indicates that Kansas' total tax collections fell 6.5% short of estimates in January after bringing in \$928.6 million during the month. Collections were \$64.1 million below estimates last month or down 11.3% from January 2023.

Corporate income tax collections represented the biggest decline for the state with \$89.8 million collected, which was \$25.2 million, or 21.9%, below estimates and down overall 45.9% from January 2023. Individual income taxes came in at \$475.9 million in January, that was \$19.1 million, or 3.9%, below the same month last year.

The state received \$344.3 million in combined retail sales and compensating use taxes, which is \$18.7 million, or 5.1%, below the estimate and down \$16.9 million, or 4.7%, from January 2023. Receipts have fallen below estimates each month of the current fiscal year (which began July 1, 2023) except for July and September with total collection at \$5.6 billion through January, which is \$114.8 million, or 2%, below estimates.

Looking Ahead to Next Week

Next week will be another busy week in the Kansas Legislature. Below are a few key hearings taking place.

On Monday and Tuesday, House Commerce and Labor will hold hearings on [House Bill 2570](#), the comprehensive Unemployment Insurance bill aimed at reducing rates for employers as well as continue efforts to modernize the current system as an effort to avoid the fraud endured during the pandemic.

On Tuesday, in House Utilities Committee [House Bill 2527](#), be heard. This bill, introduced by Evergy, is being called the [Power Up](#), and identified as a key effort economic development bill to ensure Kansas remains competitive and can provide adequate power in a timely manner to existing and new businesses.

On Wednesday, [HB 2622](#) will be heard in the House Health Committee. This bill would prohibit smoking on the gaming floor of a lottery gaming facility or a racetrack gaming facility. Currently, casinos and racetracks two exemptions from the Kansas Clean Indoor Air Act.