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With only two weeks left before Turnaround – when bills must pass their original chamber to stay alive for the year – the pace picked up significantly this week in the Kansas Legislature. Revisors worked furiously to meet today’s deadline when all non-exempt bills must be introduced. The House began considering a few non-controversial bills on their General Orders, 162 more bills were introduced, and hearings quickly filled up committee calendars. The last day for non-exempt committees to meet is February 20 followed by Turnaround on February 23.

Tax Veto Override Postponed

The House was scheduled to vote on Governor Kelly’s veto override of the tax bill on Tuesday. However, with several members out ill, the vote was delayed until next week. Republican leadership will make the call last minute, counting noses each morning to ensure they have the two-thirds majority required. That’s 84 votes in the House. The Senate is less secure and currently one vote short of the 27 they need to override the Governor. While Republicans have a super majority in both chambers, the Senate caucus is not as unified as the House.

As previously reported, [House Bill 2284](#) contains several tax cut provisions that both Republicans and Democrats support. The piece of contention is the 5.25% flat income tax rate that Governor Kelly adamantly opposes. If the Legislature is unsuccessful and Kelly’s veto is sustained, it’s unclear what leadership’s plan B is for tax cuts this year. With all 165 seats up for reelection and over \$2 billion sitting in the state general fund, passing significant tax relief before they go home for the year is a non-negotiable for everyone.

Tensions Rise over Foreign Ownership of Land

On Wednesday, the Senate Federal and State Affairs Committee held a hearing on a bill that would prohibit ownership interests in certain Kansas real property by foreign individuals and entities unless authorized by a new state land council. [Senate Bill 446](#) was introduced and is supported by Kansas Attorney General Kris Kobach and drew strong opposition from a wide range of stakeholder groups.

Last year, Kobach introduced legislation that barred foreign adversaries from owning land in Kansas totaling 10 or more acres. SB 446 goes even further and bans all foreign nationals and any company that is owned or controlled by a foreign government from owning or leasing property that’s larger than three acres. A new land council would also

be formed and made up of the attorney general, adjutant general, governor, secretary of state, and director of the Kansas Bureau of Investigation. This body would be responsible for oversight of the law and granting waivers when deemed appropriate. According to the attorney general's testimony, 24 other states have either restrictions or outright bans from foreign nationals purchasing agricultural land.

During the hearing, conferees on behalf of several agricultural groups did not hold back their criticism of Kobach's bill and the target on ag land. They accuse the legislation of being unconstitutional and an infringement on private property rights. They, along with several other business and civil rights groups, are advocating for a different bill that was introduced in the House late this week, where House Commerce Committee will begin to tackle the issue.

Supreme Court Ends Education Lawsuit Jurisdiction

On Tuesday, the Kansas Supreme Court ended its jurisdiction over the *Gannon vs. Kansas* school funding lawsuit filed in 2010. In 2019, the court ruled that the Legislature had complied with its order to adequately fund public education but retained jurisdiction over the case to ensure the state followed through with their funding mandate.

Kansas has been in K-12 finance litigation since 1989, and Tuesday's 5-1 court decision put a close to what most lawmakers saw as a never-ending demand for more money by schools. After large appropriation increases were made in recent years, education groups have largely been satisfied. However, Governor Kelly and other democrat leaders commented this week that they fear the Legislature could make negative changes to the school finance formula now that the court no longer has oversight.

Senate Commerce Advances Comprehensive Workers Compensation Bill

On Tuesday, the Senate Commerce Committee took the first step in passing [Senate Bill 430](#), a comprehensive workers compensation reform bill that was negotiated over the past year by business and labor attorneys. Advocates have asked lawmakers to keep the bill clean and not make amendments to the bill as it represents a delicately negotiated agreement supported by all parties.

Most notably, the bill proposes increases to benefit caps, which in Kansas are some of the lowest in the country. The bill also extends the amount of time an injured worker has to report an injury. Most important to the business community is the bill retains guardrails put in place during the last two comprehensive reforms in 2011 and 2013, including preservation of the prevailing factor standard that requires the work incident to be the primary factor of the claimant's injury to be eligible for benefits. It is expected that the bill will be worked next week by the full Senate.

Legislature Begins Unemployment Insurance Reform

The House Commerce Committee heard a bill on Tuesday that would make several reforms to the state's unemployment insurance (UI) program. Most notably, [House Bill 2570](#) would cut positive balanced employers' tax by 50% in 2025, raise the wage base by 50% and forgive 100% of negative balanced employers so that all employers will be positive starting in tax year 2026. The bill would also allow for eight weeks of temporary benefits for all employers and 16 weeks for highway contractors due to forced weather closures.

There were no opponents to the bill during the hearing; however, several stakeholder groups proposed compromise amendments that the committee began considering on Thursday. Their work was suspended until next week, when they plan to continue making changes to the UI bill before passing it to the full House.

House Tax Committee Salvages Policy Vetoed Last Session

This week, House Taxation Committee held a hearing on [Senate Bill 127](#) and inserted provisions from last year's vetoed tax bill, [Senate Bill 8](#). In addition, the committee added last session's provisions to reduce employer withholding penalties and [House Bill 2106](#), the telecom machinery and equipment sales tax exemption bill. Business advocates are asking that the Senate concur with the changes and send the bill to the Governor.

Plastic Bag Ban

This week, the Senate Federal and State Affairs Committee advanced [House Bill 2446](#) after the Chairman, Senator Mike Thompson-Shawnee, voted to break the committee tie. The bill now moves to the full Senate for consideration.

This bill 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 measure was introduced 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 the bill to prevent future cities from following suit. Last session, the bill passed the House by a vote of 72-51. A similar bill passed the full Legislature in 2022 but was vetoed by Governor Kelly. It is uncertain if the Governor will veto the measure this year.

Evergy Proposes Bill to Spur Economic Development

The House Energy, Utilities and Telecommunications Committee heard a bill proposed by Evergy that would amend several laws that govern the Kansas Corporation Commission (KCC) practices for utility rate regulation. The company is looking to increase their return on generation infrastructure investment as they consider building a large natural gas plant near Hutchinson. The claim is Kansas needs to be ready with dispatchable energy to not lose out to neighboring states in recruiting large manufactures and data centers looking to locate in the Midwest.

The KCC and other organizations opposed [House Bill 2527](#), arguing the complex changes would ultimately raise utility rates on Evergy's customers. However, there appears to be an appetite to negotiate a compromise that can address economic development challenges when it comes to energy capacity and availability.

State Budget Review

The House Appropriations and Senate Ways and Means Committees considered more budgets from smaller agencies this week. Subcommittees in both chambers continued to vet through their respective budget proposals. As is typical, little change was made to the smaller budgets. It's the larger agency programs that garner most of the attention from lawmakers.

Senate Commerce Committee work the Commerce Department's budget on Thursday. Amendments to the Governor's recommendations included \$28 million funding for the 2026 World Cup, \$38.5 million for the Salina and Topeka airports and \$500,000 for the Kansas Creative Arts Commission. The committee also moved a one-time grant of \$500,000 from Commerce to the Department of Education for the HirePathways, a program which focuses on career exploration for middle school students. They also removed \$50,000 of EDIF used for Public Broadcast Stations and instead will be sent to the Kansas Highway Fund.

The full Senate budget committee did work on a significant piece of policy, which was legislative pay. For years there have been special committees and panels created just for this topic. They almost always recommend an increase; but it's been difficult politically to pull that off. This year, however, legislators will finally see an increase from \$28,000 per year to \$58,000 per year. While Kansas has a citizen legislature, it's essentially a full-time job during the session and still a large time commitment during the interim months. This salary increase is intended to attract more people to run for elected office. The raise do not go into effect until after the 2024 fall elections.

Both budget committees also tackled higher education budgets this week. Workforce development is a common theme from both the state universities, and community and technical colleges. As national demographics continue to show decline in overall student population, recruitment has also been a challenge. Higher education makes up roughly 10% of the state's total budget.

Looking Ahead

Next week is the last week for Committees bill hearings so it is a busy week ahead. Some of the more interesting hearings include the following:

On Monday the Senate Federal and State Committee is scheduled to hear [Senate Bill 373](#), which proposes to prohibit the use of public funds for lobbying activities.

Tuesday in Senate Assessment and Taxation Committee, [Senate Bill 332](#), will be heard which provides for taxpayer rebates through the local ad valorem tax reduction fund (LAVTRF).

Wednesday, the Senate Assessment and Taxation Committee, will also have a hearing on [Senate Bill 468](#), which will prohibit cities and counties who grant/approve certain property tax exemptions or tax increment financing from exceeding their revenue neutral rates for property tax purposes.