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## Kansas Legislative Report, February 26 – March 1, 2024

*Lawmakers returned from their five-day recess on Wednesday to officially start the second half of the 2024 Legislative Session. The Legislature was Pro Forma on Wednesday and Friday, making it a very quiet week. While they slowly eased back into committee work, over 75 hearings are scheduled for next week. It is typically after Turnaround when the tempo speeds up significantly to meet bill deadlines for the year. It should be fast and furious from here on out.*

*While most still are waiting to see how the Legislature responds to Governor Kelly's tax bill veto, other controversial issues are finally beginning to peak through those discussions. Foreign land ownership, gender transitioning, age verification for pornography websites, and medical marijuana are just some of the issues expected to be on the agenda in March.*

### **Work Comp Reform on the Home Stretch**

The House Commerce Committee acted on [Senate Bill 430](#) on Wednesday, passing the bill out clean with no amendments, and approving to place it on the House consent calendar. Common procedure is that only short, simple, and non-controversial bills are placed on the consent calendar. While SB 430 passed the Senate unanimously, maintains the original language as proposed and is seen as a compromise between business and labor groups, it is still a meaty bill with significant changes to the worker's compensation system in Kansas. House members do have the opportunity to vote to pull the bill from the consent calendar and debate it on the floor. Otherwise, if it remains on the consent calendar for three days, it automatically passes the House and heads to the Governor's desk for her signature into law.

### **Committee Considers Incentives for EV Plant**

On Thursday, the House Commerce Committee heard a bill to help attract an electric and hydrogen-powered vehicle plant to Kansas.

[House Bill 2471](#), touted as being was introduced by the Kansas Department of Commerce late last session and is meant to attract businesses engaged in electric motor vehicle and hydrogen-powered vehicle production industries. It would apply to building new business facilities and operations, research and development operations, or new national headquarters in Kansas and would encourage the development of a Kansas-based supply chain for those enterprises. Under the bill, qualified companies

would be eligible for various incentives including investment tax credits up to 10% of qualified investments, retention of up to 100% of withholding taxes, reimbursement of eligible employee training and education expenses up to \$5 million per qualifying project, and sales tax exemptions for construction costs of a business facility until construction of the facility is completed.

The major economic incentive package resembles what the Legislature approved for Panasonic in 2022, and lawmakers are reluctant to go down that path again anytime soon. After committee discussion during the hearing, it appears unlikely the bill advances this year.

### **Homelessness Matching Grant**

In her 2025 budget, Gov. Laura Kelly proposed \$40 million in matching grant funds for local governments' efforts to combat housing insecurity and connect homeless residents with needed services. Both the House and Senate budget committee have removed these funds from their individual budgets citing [House Bill 2723](#) that has been introduced, which includes more structure around the grant funds.

HB 2723 allocates \$40 million for matching grants for cities and counties for the building or capital improvements to shelters that provide services for homeless individuals and families and persons at risk of homelessness. The bill also includes provision the require the enforcement of local government camping ordinances and claw back provisions if these ordinances are enforced.

The bill is set for hearing in the House Welfare Committee next Tuesday, March 5.

### **State Budget Review**

It was another short week for budget committees. However, they did tackle some larger agency budgets during these two days.

The Senate Ways and Means Committee mostly worked on social services agencies. These budgets typically see the most differences between the House and Senate in their appropriations to various programs. Some of that is intentional for negotiating tools during conference committees, but much of it is fundamental differences in priorities between the chambers.

The Senate committee added funding for dental services for Medicaid recipients and more funding for services provided by physicians who see Medicaid patients. There were also increases in the rates to some medical care providers receive. This has been an ongoing topic of discussion in the legislature. Now with larger budget surpluses, lawmakers have the ability to address this workforce issue by paying higher wages for recruitment and retention of healthcare workers.

The House Appropriations Committee also worked on social services agencies. The House committee is usually more active in their approach to these topics. While there were increases in physician provider rates and other similarities to the Senate, the House delayed discussion on many of the items to the Omnibus budget. The Omnibus

budget is the second and final stage of the state budgeting process that occurs at the end of the legislative session.

Both committee chairmen said that they expect to pass their first budgets by the end of next week. That means the “Mega budget” bill could be debated on the floor of the House and Senate the following week.

The last day for all committees to meet and consider non-exempt bills is March 24. The last day for those bills to pass either chamber is March 29, and first adjournment is scheduled for April 6.

### **Looking Ahead to Next Week**

On Tuesday, the Senate Federal and State Affairs Committee will hear [Senate Bill 511](#), which proposes to allow beer and hard cider sales by microbreweries to retailers, public venues, and other establishments without going through a distributor if they are under a certain gallonage. This bill comes at the request of microbrewers seeking to expand their markets locally.

The House Committee on Commerce will hear [House Bill 2785](#) on Wednesday, March 6, that proposes to establish the Kansas Office of Early Childhood within the Executive Branch. This new office would be administered under the direction and supervision of the Executive Director of Early Childhood and focused on facilitating and coordinating interagency cooperation towards the goal of serving children and families.

The Senate Committee on Commerce is expected to have a hearing on Thursday, March 7 on [House Bill 2570](#), the comprehensive Unemployment Insurance reform bill which passed the House last week by unanimously. The bill makes several reforms to the state’s unemployment insurance (UI) program that has a \$1.4 billion balance in the trust fund.