

Bright and Carpenter Consulting, Inc.



825 S. Kansas Avenue, Suite 502C Topeka, KS 66612, www.brightcarpenter.com

Kansas Legislative Report, March 18-22, 2024

Today marks the last day for non-exempt committees to meet for the 2024 Kansas Legislative Session. It was a frenzy of a week as committee chairs churned through bills and worked quickly to wrap up their business for the year.

Next week, the House and Senate will be on the floor Monday through Thursday, followed by a three-day weekend, then another few days of conference committees leading up to first adjournment on April 5.

House Tax Plan Ready for Debate

Republican leaders in the House unveiled their chamber's tax cut plan on Monday, after the Senate passed another single-rate proposal, [Senate Bill 539](#), last week on a [vote of 29-11](#). The House Tax Committee heard [House Bill 2844](#) on Wednesday and approved it on Thursday. The House is expected to debate the bill early next week.

The House plan proposes two new tax brackets, which Governor Kelly is more likely to support over the single rate forwarded by the Senate. The top tier would drop from the current 5.7% to 5.65% and the smaller bracket from 5.25% to 5.2%. It would eliminate or make zero the bottom rate of 3.1%. It also has a smaller fiscal note, costing roughly \$500 million less than the Senate's bill.

The House tax bill also:

- Increases the standard deduction with annual cost of living adjustments.
- Phases out the state income taxes on Social Security over four years.
- Increases the personal income tax exemption with annual cost of living adjustments.
- Lowers the state's property tax levy for schools.
- Repeals the Local Ad Valorem Tax Reduction fund.

Two attempts at more quickly eliminating the tax on Social Security income failed in committee. The one amendment that got added restores the commercial motor vehicle registration fee to cities and counties for the purpose of maintaining local infrastructure. The committee placed the contents of HB 2844 into a Senate shell from last year, SB 300.

Several agricultural and business organizations supported the bill during the hearing, including the Kansas Chamber, Kansas Farm Bureau, Kansas Livestock Association, Kansas Bankers Association, and the Kansas Association of Realtors.

Medicaid Expansion Information Hearing Held Wednesday

On Wednesday, both Senate and House Committees held the much-anticipated hearings on Medicaid Expansion, a top priority for the Governor. However, Republican Leadership is not in favor of Expansion but did indicate they would allow informational only hearings on the topic.

The Senate Public Health and Welfare and Ways and Means Committee met Wednesday morning while the House Health Committee met in the afternoon. Proponents of the proposal included health professionals, hospitals and individual “caught in the gap” and not able to access health care. Opponents to the proposal were Kansas lawmakers, national organizations and Kansas Family Voice concerned dollars could be used for abortions.

On Thursday, Ranking Member, Rep. Susan Ruiz, Shawnee-D, attempted during a House Health Committee meeting, to pass out the Governor’s Medicaid Expansion proposal, [House Bill 2556](#). Ruiz urged the committee “to prove” there are not enough votes to pass expansion on the floor, however, the committee vote only garnered 5 votes and failed to advance.

Senate Committee Approves Regulation Reform

The Senate Commerce Committee heard on Tuesday and approved on Thursday [House Bill 2648](#), and the bill is expected to be considered by the full Senate next week. Modeled after Wisconsin’s Regulations from the Executive in Need of Scrutiny (REINS) Act, the bill is intended to give the legislature more oversight over the promulgation of rules and regulations by the executive branch and prevent overreach past legislative intent.

The bill requires the Budget Director to independently determine costs of compliance and implementation for all proposed rules and regulations. If adoption is determined to cost more than \$1 million over the first five years, the state agency must pass legislation first. The bill also gives the Budget Director authority to reject the agency’s economic impact statement if it’s found to be incomplete.

The Senate committee did not amend the bill received from the House.

Medical Marijuana Bill Introduced Late in Session

A new medical marijuana bill was just introduced on Monday in the Senate Federal and State Affairs Committee, making it exempt from legislative deadlines. [Senate Bill 555](#) was introduced on behalf of Kansas Natural Remedies, a hemp cultivator in Wichita, and is thought to be much more restrictive than previous proposals that have stalled in the legislature in recent years.

The bill would create a pilot program for limited cultivation, processing, and dispensing of medical cannabis. It would be limited to ointments and combustion-free vaporizers and exclude edibles.

At first glance, some legislators think the bill is too narrow as it restricts the number of operators who can cultivate medical marijuana, how it can be distributed and packaged, and what requirements are needed for patients. At the time the bill was introduced, Senate leaders were reviewing the proposal and had not indicated whether they would give it a hearing this late in the legislative session.

Economic Development

The Senate Assessment and Taxation Committee held 2-days of hearings on [Senate Bill 546](#), which proposes to buy down the corporate tax rate by eliminating economic development programs including HPIP and PEAK. Opponents of the bill included economic developers and businesses from across the state. The Committee Chair has indicated that if the bill is worked, there will be an amendment to remove provisions dealing with HPIP and PEAK and only eliminate incentives that have not been used for several years. During testimony, the Kansas Chamber announced it will establish a work group over the summer to look at incentives and ways to make them more effective and efficient.

[Senate Bill 545](#) was heard this week in the Senate Commerce Committee. The bill provides a sales tax exemption for the construction or remodeling of a qualified data center in Kansas and the purchase of data center equipment, eligible data center costs, electricity and certain labor costs to qualified firms that commit to a minimum investment of at least \$600,000,000 and meet new Kansas jobs and other requirements.

With Google's recent announcement reading a new datacenter located in North Kansas City, the Midwest is quickly becoming a hub for this industry. The bill will likely be reintroduced next session.

Childcare Reorganization and Reforms

On Thursday, the House Commerce Committee combined parts of [House Sub for Senate Bill 96](#), the child care reform bill from last session, and [House Bill 2785](#), the Governor's proposal to consolidate childcare services, into one bill. The committee made several amendments including loosening up ratios for providers who want to increase their capacity. Amendments also moved the new childcare director position under the Department of Commerce. The committee did reject an amendment to move inspections/surveying to the state level, but added provisions to ensure consistent training and education are required and that these is a process for providers to file complaints when issues arise with surveyors. The bill advanced to House General Orders and will be debated next week.

Unemployment Insurance Reforms

On Monday, the Senate Commerce Committee adopted significant amendments to [House Bill 2570](#), the Unemployment Insurance reform bill. The US Department of Labor notified proponents last week that the version passed by the House was out of compliance due to uniformity concerns. Negotiators worked to draft a plan that met federal expectations.

The amendments provide rate reductions for 97% of positively balanced employers, writes off 94% or \$650 million of negatively balanced employers debt, indexes the

taxable wage base based on the state average annual wage beginning 2026, codifies eight weeks of temporary benefits except for highway contractors who will receive 16 weeks, allows employers to submit notice to KDOL for cross-checking job seekers who do not show for scheduled job interviews (ghosting), extends sunset date for the Modernization Committee through 2026, and allows certain school bus drivers to participate in work share agreements. The full Senate is expected to debate the bill early next week.

Homelessness Local Grants

The Senate Ways and Means Committee acted upon [Senate Bill 542](#) this week. The committee adopted amendments that would reduce the allocation from \$40 million to \$15 million in FY 2025 and \$5 in 2026. The amendment also defines wrap around services, removes housing from wrap around, require those treated to have lawful status in US, require the enactment of a statewide camping ordinance, provide for civil liability provisions for failure to enforce the camping ordinances and require State Finance Council approval of any shelter location. The amendment states the City of Wichita cannot establish a homeless shelter at the Riverside Hospital location. The bill now goes to the full Senate for debate.

The House Welfare Committee also discussed [House Bill 2723](#), the House version of the grant provisions. After a lengthy discussion, the bill was tabled by the committee and will not be acted upon this year.

House Passes DEI Prohibition for Higher Ed

The House passed [House Bill 2460](#) on Thursday that would prohibit postsecondary institutions from taking certain actions regarding admission and employment that concern diversity, equity or inclusion (DEI). The bill allows for civil penalties and requires institutions to provide reports to the legislature and post information on their websites.

The bill, which also applies to technical colleges, bans schools from requiring pledges or statements regarding DEI as a basis for denying admission, financial aid, promoting a faculty member, or hiring a job applicant. While the Board of Regents is technically neutral, House leaders say that HB 2460 is a compromise with the universities after several changes were made to address their concerns with earlier versions of the bill.

The House vote on Thursday was [81-39](#), not the supermajority (84) needed to override Governor Laura Kelly's expected veto if it gets to her desk.

State Budget

The House budget bill was debated on the floor before the full House this week. No major funding provisions were added. Budget negotiations between the House and Senate will begin next week. There are numerous differences between the two chambers' budgets and negotiations could take two or three days.

House Appropriations wrapped up their business with updates from the Lottery and Kansas airport funding. Airport funding to the small facilities address maintenance, with air ambulance services being a constant issue.

The Senate Ways and Means committee held hearings on funding homeless shelters, the Law Enforcement Training Center and maintenance at our universities. The Ways and Means committee members also took part in the Joint Medicaid Expansion hearing held this week with the Public Health committee.

No budget committees are scheduled for next week.

Additional Key Action This Week

The Senate Utilities Committee heard on Monday and approved on Wednesday [House Bill 2527](#), and it awaits consideration by the full Senate next week. The bill would establish new mechanisms for the recovery of costs associated with deferred depreciation and **new gas-fired generating units**. The Senate committee amended the bill to prohibit any reduction in revenue resulting from discounts from being included in customers' bills until after the next rate proceeding after July 1, 2024.

Kansas Microbreweries reached a deal with Kansas distributors, amended [Senate Bill 511](#) into [Senate Sub for HB 2124](#) and advanced the bill to Senate General Orders. Senator Mike Thompson, Chair of the Senate Federal and State Affairs Committee, mediated a negotiated agreement between the parties to allow microbreweries the right for direct sales.

The House Commerce Committee amended the [Senate Bill 467](#) which expands the **Kansas Tourism Council** to include representatives from the National Independent Venue Association, the Kansas Museum Association, and the Kansas Sampler Foundation. The bill also reduces the minimum amount of state tourism promotion matching grant moneys required to be dispersed to public or non-profit entities from 75% to 50%. Finally, the bill removes the restriction against more than 20% of the amount of monies granted to for profit or public non-profit entities being awarded to one entity. The House is expected to work the bill next week.

The House Commerce Committee heard on Tuesday and approved on Wednesday [House Bill 2826](#), and it now awaits consideration by the full House next week. The bill makes amendments to the **Elevator Safety Act** concerning the definition of elevator, licensure requirements, inspection and testing requirements, and adoption of rules and regulations. The committee made several amendments to the bill, none of which remove the exemptions for grain elevators and wind turbine lifts allowed in current law.

The House Energy Committee approved [Senate Bill 455](#) on Tuesday, and it awaits consideration by the full House next week. The bill would allow public utilities to **retain coal-fired electric generating facilities** in their rate base and to recover expenses associated with their operation. It would also establish guidelines for the Kansas Corporation Commission regarding the retirement or abandonment of a fossil-fuel fired electric generating unit. The House committee amended the bill to also apply to nuclear-powered facilities.