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Kansas Legislative Report, March 4-8, 2024

As usual, the last few weeks of committee meetings are packed full of back-to-back hearings and final action on bills. Other than those that are exempt from legislative deadlines (Budget, Tax, Federal and State Affairs), committees have two more weeks to complete their work. March 22 is their last day to meet and pass any bills they want to move forward this session. After that, Legislators are mostly on the floor, then conference committees begin their work on April 1.

First adjournment of the regular session is scheduled for April 5, and Veto Session is scheduled to begin on April 29 and end on May 2.

Overall, the 2024 Kansas Legislative Session has been relatively quiet and non-controversial so far. Major tax cuts and budget spending are still on table, as these are typically the last pieces of business to close out the year.

New Tax Cut Bill Introduced?

Yesterday afternoon, the chair of the Senate Tax Committee introduced a bill “at the rail” that could be the start of the Republican’s second attempt at a tax cut package for this year. [Senate Bill 539](#) has many of the same provisions that were in the first proposal vetoed by Governor Laura Kelly, including increasing the income tax standard deduction, cutting taxes on social security income, increasing the residential property tax exemption from the statewide school levy, and fully eliminating the sales tax on food.

The question on everyone’s mind is how the legislature will tweak their original, single income tax rate proposal in a way that reduces overall rates but still gets the Governor’s support. Kelly has already announced that she will call lawmakers back to Topeka for a special session if they don’t pass a tax cut bill this year. The bill is set for hearing on Wednesday in the Senate Assessment and Taxation Committee.

Property Tax Bill Introduced

The House Taxation Committee has introduced a new constitutional amendment to help flatten the increase in property tax valuations for residential property. [House Concurrent Resolution 5025](#) would allow for an averaging of the prior 10 years of property tax valuations. These values would continue to be based on fair market value. Last session, [Sente Concurrent Resolution 1611](#) passed the Senate and would cap

property valuation increases at 4 percent. We expect a hearing in the House Taxation Committee on both of these measures before first adjournment.

New Foreign Land Ownership Proposal Considered

The House Commerce Committee held a two-day hearing on [House Bill 2766](#) this week, which was crafted by the House Majority Leader and specifically deals with proximity to military installations.

The bill creates the Kansas Land and Military Installation Protection Act and prohibits a foreign principal from countries of concern from directly or indirectly owning or acquiring any interest in real property located within 150 miles of the boundary of a military installation located in Kansas or any adjacent state. Countries of concern listed in the bill are the People's Republic of China, the Republic of Cuba, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Russian Federation, and the Bolivarian Republic of Venezuela.

The main opposition came from the agriculture industry, wanting to protect companies currently established and operating in Kansas. While Smithfield Foods and Syngenta are now owned by Chinese firms, they originally came to Kansas as American-owned. HB 2766, as it's currently written, is retroactive and would require those companies to divest their holdings in Kansas. Renewable energy interests also opposed the bill, as it applies to leased land as well.

Attorney General Kris Kobach testified as neutral, supporting a bill he championed last year that was much broader, prohibiting all foreign entities from owning any land in Kansas.

Legislature Attempts to Tighten Regulatory Authority

The House on Wednesday approved a bill by a vote of 82-36 that would prohibit the adoption of any rule or regulation with an incomplete economic impact statement or one with compliance costs of \$1 million or more over the first five years of implementation. In that case, the proposal would be required to be in the form of a bill and require passage by the legislature.

[House Bill 2648](#) is modeled after Wisconsin's Regulations from the Executive in Need of Scrutiny (REINS) Act and is intended to give the legislature more oversight over the promulgation of rules and regulations by the executive branch.

Governor Kelly is expected to veto the bill if it gets to her desk, and this week's House vote was two votes shy of a veto proof majority.

Another bill dealing with regulatory oversight was introduced this week, [House Bill 2821](#) and would create a regulatory relief division within the Attorney General's office to establish a regulatory sandbox program to waive or suspend state statutes and rules and regulations for program participants. Regulatory sandboxes have been passed in other states and are seen as a tool for economic development where entrepreneurs can operate without burdensome regulations that may not apply to their business or industry.

Higher Ed and DEI

On Thursday, the House Higher Education Committee approved [House Bill 2640](#) which bars Kansas post-secondary schools from requiring anyone from making a statement of personal support for or in opposition to any political ideology or movement, including diversity, equity and inclusion. The bill also bans schools from requiring pledges or statements regarding “diversity, equity, inclusion” as basis for denying admission, financial aid or promoting a faculty member. The Committee amended the bill to reduce fines for violations from \$100,000 to \$10,000, removed provisions to allow lawsuits be filed but allows complaints to be filed with KBOR. If KBOR’s investigation do not turn up a violation, a complaint may be filed with the AG. The bill will now be considered by the full House.

Kansas Office Early Childhood

House Commerce Committee held a hearing on [House Bill 2875](#) Thursday. It was delayed a day due to a longer than expected floor debate. The bill consolidates nearly 20 early childhood programs into the Kansas Children’s Cabinet and Trust Fund, an existing agency and renames the cabinet and places it in the executive branch. The early childhood office would oversee programs currently housed in the Kansas Department for Children and Families, the Kansas Department of Education and the Kansas Department of Health and Environment including childcare licensing, child care subsidy, home visitation and Head Start programs.

Blueprint for Literacy

House and Senate Education Committees met jointly on Monday to receive a report regarding the Blueprint for Literacy, a program aimed at improving students’ reading skills. [Senate Bill 532](#) sets two main goals: every Kansas elementary school teacher having a “microcredential” in the “science of reading” and structured literacy by 2030, and 85% of fourth graders are reading at level 2 or at grade level or higher by 2033. The bill would create a position of director of literacy education and establish a Literacy Advisory Committee, with 15 voting members, charged with overseeing literacy education including training for current and future teachers. The bill would also charge the committee with establishing six regional reading centers to help schools and teachers improve their literacy training.

Unemployment Insurance Reforms

On Thursday, Senate Commerce Committee held a hearing on [House Bill 2570](#), the Unemployment Insurance reform bill. The bill makes several reforms to the state’s unemployment insurance (UI) program that has a \$1.4 billion balance in the trust fund. Reforms include modernization provisions, rate cuts for employer assessment, wage base increases and debt forgiveness for employers with negative accounts. The bill would also allow school bus drivers to receive unemployment benefits in the off season, a benefit long sought after by labor groups. Conferees shared Thursday that there is still work needed on some provisions of the bill based on feedback from the US Department of Labor regarding conformity issues. The bill passed House last week on a unanimous vote.

Microbreweries

On Tuesday, the Senate Federal & State Affairs Committee held a hearing on [Senate Bill 511](#), which would allow microbrewery licensees to sell their manufactured beer and

hard cider to retailers, public venues, clubs, drinking establishments, holders of temporary permits, and caterers. It would also allow for the sale of beer and hard cider in unopened containers to consumers at special events. Distributors and retail liquor stores opposed the bill arguing the bill would disrupt the current three-tiered system which ensures no undue influence in the marketing and selling of spirits and beer.

Budget Update

The first round of budget bills is nearing its finish. The House and Senate budget committees have finalized their different current budget bills and passed them out of their committees. The Committee Chairs noted that the bills will be debated on the House and Senate floor in the coming week.

The House version of the budget had some significant last-minute additions. Along with funding for security and transportation needs for the World Cup there will be funding for housing and economic development projects in north central Kansas, funding for transportation projects in southwest Kansas, gas service projects in central Kansas, the KU-WSU health center in Wichita gets a large infusion, and southeast Kansas is getting funding for a new KBI center.

The Senate version of the budget adds funding for substance abuse programs and continued funding for the effort to have Wichita/Topeka/Salina airports to become major maintenance centers for commercial jet aircraft.

There are some significant differences between the House and Senate budget bills. Once they are passed, the House and Senate Conference Committee's will work out the differences between the bills. Additional budget items may also be addressed during Veto Session in an Omnibus budget bill.

Next Week

[House Bill 2723](#) will be acted upon by the House Welfare Committee. This bill provides for a \$40 million grant for homelessness infrastructure, requires enforcement of camping ordinances and contains claw back provisions. A companion bill has been introduced in the Senate Ways and Means Committee.

[House Bill 2815](#) will be heard in the House Taxation Committee which would abolish the Local Ad Valorem Revenue Fund as well as the city and county highway fund.

[House Bill 2795](#) will also be hearing in the House Taxation Committee and would require notices for communities that exceed the revenue neutral rate to be sent on forms provided by the director of accounts and reports, granting taxing subdivisions the option to hold hearings on the same day and at the same location as other taxing subdivisions within a county and excluding the state mandated 20 mills levied by a school district from the revenue neutral rate.