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Kansas Legislative Report, Special Session Update

The Kansas Legislature returned to Topeka for a one-day special session on Tuesday to pass another **income tax cut bill** after three previous versions failed to get Governor Laura Kelly's signature this spring.

Since the legislature adjourned on April 30, leadership has been in negotiations with the Governor's office and walked into the statehouse this week with an agreement that Kelly promised to sign if it got to her desk.

While [Senate Bill 1](#) looks very similar to the last tax bill she vetoed, small tweaks were made to bring the price tag down from \$1.49 billion over three years to \$1.23 billion. According to the Governor, the new fiscal note is more sustainable on the state's budget and doesn't risk future funding of public schools, healthcare, and infrastructure.

While attempts were made to amend the bill on the floor, both chambers were strongly encouraged not to risk the fragile compromise that had been met with the administration. The Senate passed the bill first by a vote of [34-4](#), after debate was cut short by a procedural motion and before any amendments could be prepared. The House also passed the bill clean by a vote of [121-2](#).

The bill moves the state to a two-tiered income tax structure, 5.2% and 5.58%, increases the standard deduction and personal exemption, eliminates taxes on Social Security, increases the property tax exemption to \$75,000 for the statewide mill levy and expands tax credit for child and dependent care to 50%. It is missing the expedited buy down of the food sales tax which is set to be fully eliminated in January 2025.

The Legislature also passed [House Bill 2001](#), the incentive bill aimed at recruiting the **Chiefs and the Royals** to relocate to Kansas. The bill passed on a vote of [84 to 38](#) in the House and [27 to 8](#) in the Senate.

The bill amends the existing **STAR Bond program** to allow up to two projects involving major professional sports complexes requiring a \$1 billion investment per project and requiring each stadium to have at least a 30,000-seat capacity. The bill allows revenue bond financing up to 70% allowing repayment to come from sales, liquor and transient

guest taxes collected in the STAR Bond district. The bill also extends the repayment period from 20 years to 30 years.

Local incentives are not required, but if the local government chooses to participate in the project, it will have 60 days to put together an agreement. The bill did add additional guard rails including a requirement the Legislative Coordinating Council (LCC), in addition to the Secretary of Commerce, must approve any project.

Finally, The Senate Tax Committee, during a hearing prior to the start of Special Session, considered a **Constitutional Amendment** to cap property valuations at 4% or lower, as determined by the Legislature. The Constitutional Amendment was not taken up by either the House or the Senate and will remain an issue for the 2025 Legislature.

The 2024 Legislative session is now officially adjourned for the second time and lawmakers now head home for a busy 2024 election cycle where all House and Senate seats are up for election.