

# **Bright and Carpenter Consulting, Inc.**



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## **Kansas Legislative Report January 13-17, 2025**

*Lawmakers reconvened in Topeka on Monday to start the 2025 Kansas Legislative Session. New legislators were sworn in on Monday and committees began meeting on Tuesday. It was mostly introductions and housekeeping items followed by informational briefings by agency heads. The Governor gave her executive address to the Legislature on Wednesday, and preliminary budget discussions started that will shape the state's fiscal direction. It has been a fast start with over 70 bills were introduced, and several hearings are already scheduled for next week.*

### **State of the State Address**

Governor Laura Kelly delivered her annual State of the State address on Wednesday, highlighting past accomplishments and outlining new initiatives for 2025. The Governor emphasized six years of consecutive balanced budgets, consistent public-school funding, and approximately \$2 billion in various tax cuts, including the elimination of sales tax on groceries and state income tax on Social Security benefits.

Key proposals in the Governor's address included:

- Creation of an Office of Early Childhood to streamline childcare services currently spread across four agencies.
- Full funding for public schools for the seventh consecutive year, with a commitment to veto school choice legislation.
- A proposed \$30 million annual investment in water resources, including a new Office of Natural Resources to coordinate the current 14 agencies involved in water management.
- Funding to provide free school lunches to an additional 35,000 children.
- A renewed push for Medicaid expansion, citing \$700 million in available federal funding.

Senate President Ty Masterson delivered the Republican response, outlining contrasting priorities including:

- A constitutional amendment to cap property tax valuations.
- Further tax code simplification.
- Creation of a Government Efficiency committee.
- Support for deploying the National Guard to assist with border security.

- Opposition to Medicaid expansion while promoting alternative healthcare access solutions.
- Advancing legislation regarding gender-related policies and parental choice in education.

New this year, the Legislature crafted their own budget prior to the beginning of the 2025 session and introduced This bill has very few enhancements and will serve as the base budget as budget subcommittees begin to meet and dig into budget enhancements and new funding requests. Also, new this year, only one budget bill is expected to be introduced which will be worked in the House first.

The full House and Senate Budget Committee began meeting this week and intend to meet Monday-Friday this session. Different from years past, the legislature has assembled a base budget, [HB 2007](#), which was introduced on the first day of session. Subcommittees will take into consideration the Governor's priorities, enhancement requests and any new funding requests. Legislative leadership has stated it intends to rein in spending and have asked each state agency to recommend a 7.5% reduction from their budget last year. Hearings on individual state agency budgets began late this week.

### **Property Tax Constitutional Amendment**

The Senate Tax Committee held a hearing Thursday on [SCR1603](#), a proposed constitutional amendment that would cap annual increases in property tax valuations at 3% beginning January 1, 2026. If approved by the legislature, the measure would go before voters in November 2025.

The proposal would apply to all real property and residential mobile homes, with exceptions for new construction, improvements, property class changes, and title transfers. Proponents, including Senator Mike Thompson and representatives from the Kansas Policy Institute, argued that residential property taxes have increased 323% since 1997 (compared to 80% inflation), and that 26 other states have similar caps. The City of Basehor supported the measure, noting it would help manage growth while protecting existing property owners.

Opposition came notably from the Kansas Farm Bureau, which argued the proposal would create an inequitable tax shift and that other solutions, such as lowering mill levies, would be more effective. Other opponents included the Kansas Association of Realtors and several cities and counties. Committee discussion focused heavily on potential disparities between similar properties based on purchase dates and the possibility of reduced market liquidity.

### **Interim Commerce Reports**

A joint House and Senate Commerce Committees met Tuesday to review findings from 2024 special committees. The committee received reports on two key study areas: available and affordable housing, and foreign trade and regulatory sandboxes. Legislative Research presented recommendations for affordable housing initiatives, including workforce incentives, small business incentives for housing rehabilitation, and streamlined permitting processes. On foreign trade, the committee discussed the need for enhanced small business education and better tracking of foreign landholdings in Kansas.

## **Water Plan Implementation**

The House Water Committee received comprehensive presentations from multiple state agencies on Tuesday, highlighting critical water management challenges and initiatives. Kansas Water Office Director Connie Owens presented on the agency's recent accomplishments, including electromagnetic monitoring of the Ogallala aquifer and water quality partnerships, while noting significant demand for water project grants – with \$207 million in requests for the \$19.5 million Water Project Grant Fund. Julie Lorenz, Water Plan Implementation Framework Project Manager, outlined urgent concerns, including that over 110 Kansas communities risk running out of water within 25 years. The framework proposes a 10-year program modeled after the IKE Transportation plan, targeting a 15% water usage reduction by 2035 and requiring approximately \$140 million in annual funding to achieve meaningful progress.

## **Immigration**

On Thursday, the Senate Federal and State Affairs Committee held a hearing on hearing on [SCR1602](#), which is a resolution encouraging the governor to fully cooperate with federal enforcement of immigration laws. Attorney General Kobach was the lead proponent expressing to the committee his desire for Kansas to support President Trump's promise to deport undocumented immigrants. He testified that undocumented immigrants cost taxpayers an average of \$4,308 per undocumented immigrant and specifically the Kansas taxpayers are on the hook for additional education, policing and corrections, healthcare, and public assistance to the tune of \$603.1 million in 2023. In addition, Robert Stuart, with the Kansas Bureau of Investigations, also testified as a proponent that approximately 75,000 undocumented immigrants reside in Kansas, but that it is hard to track specific number, He also indicated that there are undocumented immigrants coming from China. There were no other conferees and the hearing was closed. It was not indicated if the committee will work the resolution.

## **Senate Government Efficiency Committee**

The Senate created a new committee this year, Committee on Government Efficiency, which is chaired by Senator Renee Erickson, Wichita-R. The committee is charged with finding ways to make State government more efficient. They held their first meeting on Thursday and discussed the need to remove outdated rules and regulations. The committee will meet again next week and hear from Insurance Commissioner Vicki Schmist on the operations of the Insurance Department, Sect. of State Schwab on efficiency proposals and a review from post audit on previous years' recommendations on state efficiency studies.

## **Notable Bill Introductions**

[Senate Bill 12](#): Requiring each member of a municipal governing body whose district territory includes land being acquired to approve the exercise of eminent domain for such acquisition when such land is to be used for a recreational project.

[Senate Bill 16](#): Prohibiting discrimination by financial services companies on the basis of social credit score and requiring registered investment advisers to obtain written consent from

clients prior to investing client moneys in mutual funds, equity funds, companies and financial institutions that engage in ideological boycotts.

**Senate Bill 36**: Increasing the cap on the amount of moneys disbursed by the division of conservation-to-conservation districts and providing an increased matching basis for state moneys disbursed to conservation districts based on amounts allocated by the board of county commissioners for such districts.

**Senate Bill 37/HB 2025**: Repealing the three-mile extraterritorial planning and zoning authority for cities.

### **Next Week**

The Legislature is off on Monday for Martin Luther King Day and will return Tuesday for a full slate of meetings focused mostly on updates from state agencies and other interest groups.