

Bright and Carpenter Consulting, Inc.

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



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This was the last full week for non-exempt committees to complete their work for the first half of the legislative session. While most Fridays have been ProForma (not in session), the Legislature worked a full Friday this week to make up for Wednesday's snow day. Lawmakers, particularly committee chairs, are certainly feeling the pinch of this year's condensed session calendar.

Next Monday marks the official last day for those non-exempt committees to meet before Turnaround, so many of them still have full agendas on the calendar. Starting Tuesday, Legislators will be on the floor working toward Turnaround on Thursday. All non-exempt bills that have not passed their House of Origin by Turnaround are dead for the year unless blessed by Leadership. However, Leadership has stated they are not planning to bless as many bills as in past years, so if a bill does not get out of committee on Monday, it is unlikely it will be considered unless in an exempt committee. Lawmakers will have a four-day weekend and return to start the second half of the session on Tuesday, February 25.

Governor Vetoes First Bill

Governor Laura Kelly on Tuesday vetoed her first piece of legislation this year. [Senate Bill 63](#), Help Not Harm Act, would ban gender-affirming medical care for transgender youth in Kansas, including surgery and puberty blockers. In her veto statement, Kelly characterized the bill as divisive and argued against government interference in private medical decisions, citing concerns about parental rights and potential negative impacts on the state's economy and workforce.

This marks Kelly's third veto of similar legislation, following unsuccessful attempts to pass such restrictions in 2023 and 2024. Republican leadership strongly criticized the veto and announced their intention to pursue an override. With expanded Republican supermajorities in both chambers, observers expect this override attempt may succeed where previous efforts fell short - notably in 2023 when the Senate fell one vote short, and in 2024 when the House came up two votes short of overriding similar legislation.

Budget

The House Appropriations Committee finished compiling their FY 2026 and FY 2027 budget bill, [House Bill 2007](#), late Thursday night. The House Committee cut funds for many departments by more than 10% and cut special education enhancement funding to only \$10 million.

In addition, the Kansas Department of Commerce saw significant cuts totaling over \$8 million agency wide, including \$1 million to the Kansas Tourism Budget, \$1 million to Broadband and cut \$2.5 million from the Sunflower Summer's Program leaving only \$1 million in the program for FY 2026.

Legislative staff is working to finalize the committee changes so that the bill can run on the House Floor early next week. Once the bill passes the House, the Senate Ways and Means Committee will review the budget and make their recommended changes. We anticipate that the Senate budget bill will pass before First Adjournment, with a trailer bill that includes clean-up provisions discussed during Veto Session.

House Offers Property Tax Constitutional Amendment

The House Tax Committee heard [House Concurrent Resolution 5011](#), a proposed constitutional amendment that would value residential property at the lesser of fair market value or average fair market value.

The Kansas Policy Institute supported the measure but expressed concerns about its limited scope to residential property and potential implementation delay until 2027. The Shawnee County Commission testified that the rolling average approach would provide more stability for both property owners and local governments. Several organizations, including the Kansas Chamber and Kansas Livestock Association, testified as neutral but raised concerns about potential tax burden shifts to commercial and agricultural properties.

Last week, the Senate passed their version of a property tax constitutional amendment that would cap annual property valuations at 3%. The House has said it will not consider [Senate Concurrent Resolution 1603](#), thus working on their alternative proposal in HCR 5011.

Legislature Debates Recruitment of Data Centers

The Legislature is grappling with competing approaches to data center development, as evidenced by two contrasting bills under consideration. [Senate Bill 51](#) passed the Senate Commerce Committee on Tuesday, which would offer sales tax exemptions to data centers investing at least \$250 million and creating 20 jobs. While the Senate Utilities Committee finished hearing [Senate Bill 81](#) also on Tuesday, which would restrict their access to discounted electric rates unless they meet higher employment thresholds of 200 workers.

The debate highlights broader questions about the value of data centers to Kansas' economy - while they represent significant capital investment potential (with 14 projects in the state's pipeline worth over \$15 billion), they typically create few permanent jobs. The Department of Commerce supports the tax incentive approach, characterizing data centers as beneficial for generating property tax revenue and attracting other technology companies. However, concerns have been raised by groups like Kansans for Lower Electric Rates about the strain on the state's power infrastructure and whether limited economic development resources should prioritize projects that create more jobs.

Repeal of Occupational Licenses

A bill backed by Americans for Prosperity that would sunset most occupational licensing requirements in Kansas by 2030 is facing scrutiny over its broad scope and implementation challenges. [Senate Bill 229](#) was heard in the Senate Commerce Committee on Wednesday and would automatically terminate occupational licenses after five years unless renewed by the Legislature.

Key concerns raised include the bill's unclear definition of what constitutes an occupational license, potential conflicts with federal regulations, and practical implementation issues. The Secretary of State's office, which would be tasked with monitoring license termination dates, noted there are about 2,700 references to licenses in state law and 1,500 in regulations, making it difficult to distinguish which would fall under the bill's purview.

The Senate Commerce Committee is not an exempt and the bill was “blessed” by Senate leadership on Friday making it exempt from legislative deadlines. This will give stakeholders and legislators time to consider potential changes to the bill.

Film Production Tax Credit

The Senate Commerce Committee, on Thursday, passed [Senate Bill 52](#), which is a renewed effort to establish Kansas film industry incentives through a Kansas Film and Digital Media Production Development Program. The committee amended the bill to have a \$5 million cap to the program and limit \$1 million maximum credit per taxpayer.

The legislation, as introduced, offered \$10 million in annual tax credits, with productions eligible for a 30% income tax credit and additional incentives for projects meeting certain Kansas-based criteria. A similar measure passed both chambers with strong bipartisan support in 2024 but was vetoed as part of a larger tax package. Supporters, including the Department of Commerce and state tourism groups, argue Kansas is missing economic opportunities as one of few states without such incentives, while also contributing to "creative brain drain." The bill requires at least 10% of credits be reserved for Kansas-based production companies and offers increased credits for productions employing Kansas residents or contributing to the state's film infrastructure.

Rural Opportunity Zone

The Senate Tax Committee passed [Senate Bill 69](#) which extends the rural opportunity zone repayment and tax credits for 5 years. The Kansas Rural Opportunity Zone (ROZ) is a program established by the Kansas Legislature to incentivize new citizens to move to counties in Kansas with a population of less than 40,000 and provides up to a 5-year personal 100% personal Kansas income tax credit and up to \$15,000 in student loan debt forgiveness. The committee added an amendment that would allow counties to help with either downpayment assistance or childcare reimbursement.

Local Economic Development Transparency Reporting

The House Commerce Committee took action on [House Bill 2304](#) this week that would require local cities and counties to provide information on economic development incentives to the Kansas Department of Commerce for programs initiated on or after July 1, 2025. Current law requires the Department of Commerce to maintain an economic development incentive database to collect and store incentive data from state agencies. This bill would also require the database to be a searchable website or web page configured to provide comprehensive reports of the incentive data.

Debate on Federal Immigration Policies Begins

The House Federal and State Affairs Committee held a hearing Thursday on [Senate Concurrent Resolution 1602](#), which encourages the Governor to fully cooperate with enforcing federal immigration laws. The House committee worked the resolution on Friday and passed it out on a recorded vote of 15-7. No amendments were made to the resolution, and it will likely be debated by the full House next week.