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## **Kansas Legislative Report, March 10-14, 2025**

*We're nearing the end of one of the shortest and most fast-paced legislative sessions in recent memory. This week, committees were swamped – many with three to four hearings a day – rushing to finish their work before March 18 when all non-exempt committees are done meeting for the year.*

*Legislators will then spend the following three days on their respective chamber floors debating and passing bills. While some conference committees began meeting this week, the bulk of those negotiations will start on March 24 leading up to first adjournment on March 28.*

### **Proposal Eliminates Sales Tax Exemptions for Broader Relief**

During a press conference on Thursday, House Speaker Pro Tem Blake Carpenter introduced a new constitutional amendment that would reduce taxes using revenue from eliminated sales tax exemptions. The proposal would create a "Freedom from Taxes Fund" financed by reviewing roughly 130 existing sales tax exemptions worth about \$8.7 billion annually. A citizen committee would recommend which exemptions to eliminate, with all exemptions set to expire every five years unless reauthorized by the Legislature. The fund would first target eliminating property taxes for schools and state buildings, then income taxes.

If approved by two-thirds of the Legislature, this amendment would go on the ballot in November 2026. This is just one of several tax-related constitutional amendments being considered this session, including separate proposals to cap property appraisals.

### **Income Tax Cut Trigger Passes First Hurdle**

The House Tax Committee on Thursday approved [House Bill 2318](#) that would eventually transition Kansas to a single 4.5% income tax rate when state revenues exceed inflation. The proposal would establish a revenue baseline of about \$10 billion, using excess funds above inflation to gradually lower income tax rates from the current 5.58% and 5.2% brackets to a single 4.5% rate, followed by reducing corporate taxes. House leadership is hesitant to pass income tax cuts before they can deliver on promises made on the campaign trail to reduce Kansans' property taxes first.

A companion bill, [Senate Bill 259](#), is waiting to be worked in the Senate Tax Committee, where leaders in that chamber have expressed more support for the idea.

### **Budget Bills Advance**

The Senate Ways and Means Committee spent most of last week making their adjustments to the budget bill, [House Bill 2007](#). The committee finished their work, passing it out Thursday evening. The bill will run across the Senate floor on Tuesday, where more amendments are expected to finalize the Senate's position moving into budget conference committees.

The House also voted on Tuesday to approve [Senate Bill 14](#), which would extend the current fiscal year's budget if the Legislature does not approve a new budget by the start of the next fiscal year. Proponents say the bill is intended to serve as a backstop if the Legislature and Governor can't reach agreement on a budget, thus preventing a government shut down. The bill passed the House 82-41, while the Senate passed it before Turnaround by a vote of 31-8. It now heads to the budget conference committee for final negotiations.

### **Kansas Department of Commerce Budget**

The Senate Ways and Means Committee took up the Department of Commerce budget this week. The Committee initially stripped the Senate Commerce Committee amendments to add back the \$927,989 to the Kansas Tourism budget and the additional \$2 million for the Sunflower Summer Program. After a short break, the Committee revisited these items and on an amendment from Senator Steven Owens, R, Heston, added the funding items back into the budget. [House Bill 2007](#) will now go to the Senate Floor with \$3 million allocated for FY 26 for the Sunflower Summer Program and Kansas Tourism Funding restored to the FY 25 levels.

### **Kansas Department of Education Budget**

The Senate Ways & Means Committee also considered the K12 Budget. They adopted the Education Committee recommendations to reduce K12 funding to levels set out in the *Gannon* court case. The Committee added back \$500,000 to [House Bill 2007](#) for the E-Rate program which matches federal dollars for school districts to build out there telecommunications and internet access.

### **Senate Taxation Committee Hearings**

The Senate Assessment and Taxation Committee will hear the two passed property tax proposals advanced by the House last week on strong bi-partisan votes. House Tax Committee Chairman, Adam Smith, R, Weskan, is planning on testifying and supporting both measures during the Senate hearing.

[House Concurrent Resolution 5011](#) proposes a constitutional amendment that would value residential property at the lesser of fair market value or average fair market value, positioning it as an alternative to the Senate's already-approved constitutional amendment ([Senate Concurrent Resolution 1603](#)) that would cap annual property valuations at 3%.

[House Bill 2396](#) is intended to ultimately lower property tax valuations by creating a \$60 million fund to reward local governments that maintain spending below inflation rate. It also establishes a mechanism allowing residents to challenge excessive spending through protest petitions requiring signatures from 10% of qualified voters.

### **Sports Tourism Grant Program**

The House Commerce Committee heard [House Bill 2346](#) this week which establishes the Kansas sports tourism grant program to be administered by the Secretary of Commerce to provide grants to assist communities in developing and continuing sporting events. The House Committee is expected to work the bill next week and the Senate Commerce Committee may hold an informational hearing on the bill. It is expected the bill will be amended to cap the fund at \$3 million and require a 400% ROI on the qualifying events.

### **STAR Bonds**

On Thursday, the House Commerce Committee began to work [Senate Bill 196](#)- the STAR bonds bill that authorizes redevelopment of certain mall facilities, requiring quarterly visitor data reporting & public disclosure of project details within 90 days of approval of the project, prohibiting the use of state general fund moneys for the repayment of STAR bonds and the use of eminent domain for property acquisition and extending the expiration date of the STAR bonds financing act to July 1, 2028 and will continue its work Friday afternoon.

Also on Thursday, the Senate Ways and Means added a proviso to [House Bill 2007](#) to reimburse revenue lost from the elimination of food sales tax in **STAR Bond** districts for communities with less than 30,000 in population. Senator Renee Erickson, R Wichita, made the motion to add the language to the budget. Other efforts to add permanent statutory language to make all STAR Bonds districts whole after the elimination of food sales tax have stalled in the legislature this session.

### **Home Based Businesses**

Senate Commerce on Wednesday held a hearing on [House Bill 2343](#), the No-Impact Home-based Business Fairness Act, supporting the development and growth of such businesses by limiting the regulatory power of municipalities. Proponents of the measure, including Rep. Adam Turk, R Shawnee and Kansas Chamber of Commerce, want to limit cities from impeding home-based businesses deemed to not have a impact on their neighbors. The House Commerce Committee amended the bill to allow homeowners association bylaws to still place clear and applicable restrictions. The bill passed the House on a vote of [74-49](#) and it is expected the Senate Commerce Committee will work the bill next week.

### **Action on Previously Reported Legislation**

The House Tax Committee passed [Senate Bill 51](#) on Thursday, which would provide a **sales tax exemption to data centers** on their construction, equipment, and other qualified expenses and labor costs. The company must commit to an investment of at

least \$250 million and meet other job requirements. The Senate passed the bill before Turnaround by a vote of 34-6, and it now awaits consideration by the full House next week.

The Senate Judiciary Committee passed [House Concurrent Resolution 5008](#) on Monday, which is a **constitutional amendment allowing for legislative oversight of administrative rules and regulations**. The House passed the bill before Turnaround by a vote of 86-37, and it now awaits consideration by the full Senate next week.

The Senate Utilities Committee passed two bills out this week. [House Bill 2107](#) would establish various protections in **wildfire-related claims against a public electric utility**, including capping the recovery of both punitive and non-economic damages. [House Bill 2109](#) would require public utilities to enter into **pole attachment agreements** when requested by law enforcement to install video equipment in the public right-of-way. Both bills passed the Senate before Turnaround and await consideration by the full House next week.

### **Next Week**

The Senate Commerce Committee is expected to work [House Bill 2119](#), which proposed to end **LIHTC**. An amendment is expected that will reduce the benefits and costs but will save the state tax credit program past FY 25.

The House passed [House Bill 2152](#), the local investment **public funds** bill. The bill proposes to make changes to how the state and local units of government invest their idle funds. The negotiated bill will continue to be heard in the Senate Financial Institutions and Insurance Committee on Monday.