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## **Kansas Legislative Report, March 24-28, 2025**

*The Kansas Legislature adjourned the regular part of the 2025 Legislative Session before midnight on Thursday. Lawmakers spent several long days and nights this week in conference committees and on the floor approving bills to send to Governor Kelly's desk.*

*By law, the Governor has ten days from when legislation is presented to her office to either sign, veto, or allow a bill to become law without her signature. The Legislature accounted for this timeline and will be returning to Topeka on April 10 for a three-day veto session. They worked to finish their work on any bills that are at risk of a potential veto, while leaving a few potentially controversial conference committee reports to wrap up in April.*

*Taxes and budget are typically the last pieces of business to close out a legislative session and what dominate the headlines. Below is a recap of those issues, as well other key issues that received final legislative approval before Thursday's adjournment.*

### **Property Taxes**

Despite making property tax relief a top campaign promise last fall, while the Senate had the required two-thirds votes the Kansas House of Representatives fell short of the required votes to pass the comprehensive reform for which they had hoped. The proposed constitutional amendment, [Senate Substitute for House Concurrent Resolution 5011](#), would have capped property appraisals at 4% annually.

While the sweeping reform did not materialize, lawmakers did pass more modest tax relief measures, including a bill that would eliminate a 1.5-mill property tax levy that previously funded maintenance and renovations for state buildings. [Senate Bill 35](#) will provide minimal relief to homeowners, with estimated savings ranging from \$25.88 for a \$150,000 home to \$258.75 for a \$1.5 million property. Those dollars will be backfilled from the state general fund, with \$56 million allocated to offset the 1-mill tax cut and \$25 million for the half-mill reduction.

## **Income Taxes**

The legislature advanced a significant tax reform bill this week that gradually moves the state to a single income tax rate, contingent on state revenues exceeding a specific threshold. [Senate Bill 269](#), backed by the Kansas Chamber, reduces individual income tax rates from the current two brackets (5.58% and 5.2%) to a single 4% rate when state income tax revenues plus inflation surpass \$5.96 billion. Corporate tax rates would subsequently be reduced, with the goal of creating a more competitive business environment and potentially attracting new economic development to the state. The legislation includes a safeguard preventing tax cuts if the state's rainy-day fund falls below 15% of general fund tax receipts, addressing concerns about fiscal stability.

Governor Kelly is expected to veto the bill, continuing a long-standing legislative standoff over tax policy. However, the Senate's initial vote suggests a potential veto override, with the chamber passing the bill [30-10](#) and achieving the two-thirds majority required for overriding a gubernatorial veto. The House vote of [84-38](#) is three votes short needed to override a veto, but efforts will surely be made to find those votes for a veto session override attempt.

## **State Budget**

In a departure from previous years, the legislature crafted the state's fiscal year 2026 budget entirely on its own, bypassing Governor Kelly's initial proposal. The new budget process reflects legislative leadership's long-held desire for greater control over state spending.

After many rounds of negotiations between House and Senate budget leaders, the approved \$10.63 billion state general fund budget includes a 1.5% across-the-board cut for agencies. However, despite efforts to reduce spending, budget projections show deficits in the out years – approximately \$461.5 million in the red by 2028 and \$877.2 million by 2029. It does maintain a substantial rainy-day fund of about \$1.8 billion.

[Senate Bill 125](#) incorporates several notable allocations, including \$40 million for state employee pay raises and \$10 million for special education, which is significantly less than the governor's original proposal. Kelly is expected to line-item veto the Legislature's proposal, with some questioning an outright veto of the entire bill. This week's tight votes – particularly 24-16 in the Senate – may prove budget overrides complicated. Below is a list of some of the budget highlights and [click here](#) for additional compromises reached by the conference committee.

### ***Budget Highlights***

- \$920,398, current level, for **Kansas Tourism** from EDIF for FY '26
- \$3 million for the **Sunflower Summer Program** for FY '26 and add language prohibiting reimbursements for venues in counties with a population of 15,000 or more that do not charge an admission fee
- \$1.5 million, from ARPA interest, for **Rural Remote Workplaces** for FY '26
- \$1.0 million, from ARPA interest, for the **KC BioHub** for FY 2026 but only fund after receipt of a federal grant

- \$73,000 from EDIF to continue preparations for the **Semiquincentennial**, including 1.0 FTE position for FY '26
- \$2.6 million EDIF for **Build Up Kansas** for FY '26
- \$1.5 million EDIF funding for **HEAL grants** within the Office of Rural Prosperity for FY '26
- \$1.1 million for FY '26 for Office of **Broadband Development** from the Broadband portion of the State Transportation IKE Plan
- \$1 million from EDIF for the **Office of Registered Apprenticeships** for FY '26
- \$1 million from EDIF for the **Kansas Arts Commission** for FY '26 and add language that no more than \$600,000 be awarded matching grant funds in counties with a population of 85,000 or less and \$400,000 be awarded to counties with a population of more than 85,000 for FY '26
- \$1 million from EDIF for **Rural Opportunity Zones (ROZ)** for FY '26 and add language to provide funding only for counties with a population of 15,000 or less
- \$99,000 from EDIF for the **My Reemployment Program** for FY '26
- \$714,000 from EDIF for **Work-based Learning** for FY '26
- \$1.5 million for the Secretary of State to **modernize the state regulation making process** by implementing an electronic regulation system in FY '25
- \$14.0 million, including \$5.4 million SGF, to add 200 to the **I/DD waiver**
- \$10.5 million, including \$4.2 million SGF to increase **reimbursement rates for I/DD waiver** services for FY '26. Cap the **I/DD waitlist** for 4,000 individuals.
- Add language to create an interim study committee to examine **KanCare 3.0**, including, but not limited to, the requirements, actions and rules of the agencies administering the program, the execution of the program, and any actuarial and financial concerns and practices for FY 2026.

## **Election Law**

Significant changes to election procedures were made this week. The legislature successfully overrode Governor Kelly's veto of a bill eliminating the three-day grace period for mail-in ballots. [Senate Bill 4](#) will require ballots to be received by 7:00 p.m. on Election Day to be counted. Simultaneously, lawmakers approved a constitutional amendment, [House Concurrent Resolution 5004](#), that would modify the state constitution to explicitly state only U.S. citizens can vote in Kansas elections. The amendment is set for voter consideration in November 2026.

Both legislative actions align with similar efforts in eight other states that have passed comparable election-related constitutional amendments in recent years, reflecting a broader national trend of tightening voting regulations.

The House and Senate also passed [House Bill 2022](#) which amends the definition of "special election" and specifies the timing of elections required for the issuance of bonds in municipalities. The bill makes conforming amendments to other provisions of election law concerning special elections.

## **STAR Bonds**

The Legislature did not take action on [Senate Bill 197](#), the STAR bonds renewal and expansion bill. Instead, the budget conference committee added the following language as 1-year provisos:

- Regarding amusements parks and the definitions of large metropolitan mall STAR Bond projects and rural mall STAR Bond projects for FY '26.
- Prohibiting project approvals unless a project attracts at least 30% of visitors from a distance of at least 100 miles and 20% of visitors from outside the state, except for rural development projects (including rural malls) which need 20% of visitors from a distance of at least 100 miles and no out of state visitor requirement.
- Requiring a minimum of \$50 million in capital investment and \$50 million in sales.
- Allowing a rural development project in a county with a population under 100,000 in the Kansas City or Wichita metropolitan statistical areas, of regional importance, with capital investment of at least \$3 million for FY '26.
- Fund the STAR Bonds Food Sales Tax Revenue Replacement Fund for cities with a population of 30,000 or less with an established STAR bond district to receive funding for the amount of additional sales and use tax revenue that would have been collected from sales of food for the months of January 2024 through June 2025 if the state rate for state sales tax had been 6.5 percent for FY '26.

Senate Bill 197 remains alive for the 2026 Legislative Session, when the program needs to be renewed.

## **Employment Law Proposals**

Several motions were made in the Senate on Wednesday night to bring four bills out of committee for debate on the Senate Floor Thursday. The motions included:

- Senate Bill 179 - Establishing a child income tax credit.
- Senate Concurrent Resolution 1609- Proposing to amend the Kansas Constitution to repeal section 12 of article 15, regarding membership and nonmembership in labor organizations.
- Senate Bill 216- Establishing the Kansas Paid Sick Act, setting accrual, usage and employer obligations regarding earned paid sick time and making unlawful for employers to retaliate against employees exercising rights under the act.
- Senate Bill 219- Imposing certain health insurance coverage requirements for screening and diagnostic examinations for breast cancer.

All four of the motions were defeated on procedural votes and were not debated on Senate General Orders.

## **Bills Headed to Governor's Desk**

*The following are bills that passed the Legislature this week and are on their way to the Governor:*

[Substitute for Senate Bill 9](#) creates the **Kansas Land and Military Installation Protection Act** and requires foreign principals from countries of concern that own or

acquire any interest in non-residential real property located within 100 miles of the boundary of any military installation located in Kansas or an adjacent state to register such interest with the Attorney General. The bill also prohibits government agencies from purchasing or acquiring drones whose critical components were produced in a country of concern, or whose critical components were produced or owned by a foreign principal.

[Senate Bill 24](#) expands the eligibility requirements to participate in the **Kansas Promise Scholarship Program** to nonpublic community and technical colleges and increases the maximum amount that could be appropriated to the program from \$10 million to \$15 million.

[Senate Bill 30](#) requires adoption of new **occupational licenses** and material changes to existing licenses by certain state agencies to be approved by the Legislature. The bill would also require agencies to annually report certain information to the Joint Committee on Administrative Rules and Regulations. Exempt from the reviews include the Behavioral Sciences Regulatory Board, Board of Examiners in Optometry, Board of Nursing, Kansas Dental Board, State Board of Healing Arts, State Board of Pharmacy, and the State Board of Technical Professions.

[Senate Bill 54](#) which limits discovery and disclosure of **third-party litigation** funding agreements and require reporting of such agreements to the judicial council for study. The Senate concurred with the House changes.

[Senate Bill 237](#) amends the **Scrap Metal Theft Reduction Act** by authorizing law enforcement officers to conduct investigations of violations and require, upon an investigation's conclusion, investigative reports to be submitted to the Attorney General, regardless of whether any local action was taken because of the investigation.

[House Bill 2037](#) increases the membership of the **council on travel and tourism** and equalizes the allocation of funds from the matching grant program for the promotion of tourism for private, public, and nonprofit entities and removes the restriction on the percentage of such funds granted to a single entity.

[House Bill 2107](#) establishes a two-year statute of limitations for **wildfire-related claims against an electric public utility**. It authorizes the recovery of certain damages, limits the recovery of punitive damages, and requires the Kansas Corporation Commission to convene a workshop on wildfire risks and utility mitigation efforts.

[House Bill 2109](#) exempts public utility from civil liability relating to any **utility pole attachment**, access, operation, maintenance, or removal of law enforcement cameras or equipment.

[House Bill 2134](#) makes changes to the **open records and open meetings law** including limiting some charges for furnishing records and the employee time required to make records available, exempting records in closed investigations where no

violations are found as well as records that contain obscene materials and requires county/district attorneys to file reports on open records/meeting violations with the attorney general in October instead of January. The bill also provides that a public body or agency voluntarily electing to live stream a meeting must ensure that all aspects of the meeting are available through the selected medium for the public to observe.

[House Bill 2152](#), the local investment **public funds** bill that makes changes to how the state and local units of government invest their idle funds.

[Senate Substitute for House Bill 2172](#) creates a 16-member **Water Program Task Force** and a five-member Water Planning Work Group to study and make recommendations to the Legislature on water policy and funding.

[House Bill 2228](#) requires a political subdivision hold an open meeting to discuss a **local government contingency fee** contract for legal services before approving such contract and requiring the attorney general to approve such contracts.

[House Bill 2304](#) which requires local governments to report certain **local economic development incentive program** information to the Secretary of Commerce. The House concurred with the Senate amendments. The bill now goes to the Governor for her consideration.

[House Bill 2342](#) authorizes the Secretary of Commerce to request the KBI conduct a **state and national criminal history record check** on any final applicant for, or an employee in, a sensitive position within the Department of Commerce. It also requires the Secretary of Labor to conduct state and national criminal history record checks on employees who have access to federal tax information received directly from the Internal Revenue Service (IRS).

### **Issues For Veto Session**

*The following are bills that passed the will likely be discussed during the April Veto Session:*

The Senate Commerce Committee amended [House Bill 2119](#), to provide a reduced **Low Income Housing Tax Credit** (LIHTC) instead of the full repeal passed by the House. The bill was not taken up on the Senate Floor but will likely be discussed by the Commerce Conference Committee during the Veto Session in April.

A considerable amount of effort was spent on the last day of the session to force a vote on [Senate Bill 51](#), the **Data Center Tax Incentive bill**, in the House, however, the efforts failed. The bill offers substantial sales tax exemptions to data centers that invest at least \$250 million and employ 20 people. The Department of Commerce reports 14 potential data center projects in their pipeline, representing over \$15 billion in possible investment in Kansas. It is expected the issue will be discussed during the veto session.

[Senate Bill 52](#), the bill that would re-establish the Kansas film industry incentives through a **Kansas Film and Digital Media Production Development Program** has stalled in House. The bill, which has a \$5 million cap on the program and limits the maximum credit per taxpayer to \$1 million, passed both chambers with strong bipartisan support in 2024 but was vetoed as part of a larger tax package. We expect the issue to be discussed during the Veto session.

[House Bill 2294](#), a negotiated bill between legislators and the Governor, would reduce certain license fees and training requirements for staff of childcare centers, create a process for day care facility licenses to apply for a temporary waiver and transfer childcare programs to the Kansas **Office of Early Childhood**. Child advocates have expressed concerns with the bill and it stalled in conference committee. It is likely it will be discussed during Veto Session.

**No-impact Home-based Business** The Senate Conference Committee did not take up [House Bill 2343](#) which creates the **no-impact home-based business** fairness act, supporting the development and growth of such businesses by limiting the regulatory power of municipalities. There is still interest by proponents of the bill in considering the bill so it will likely be discussed during by the Commerce Conference Committee during the Veto Session.