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## **Kansas Legislative Report, March 3-7, 2025**

*As usual, the last few weeks of committee meetings are packed with back-to-back hearings and final action on bills. Other than those that are exempt from legislative deadlines (Budget, Tax, Federal and State Affairs), committees have less than two weeks to complete their work for the year. March 18 is the last day for them to meet and pass any bills they want to move forward this session. After that, Legislators are mostly on the floor, then conference committees begin meeting on March 24.*

*This year's markedly condensed session calendar has kept things relatively non-controversial for legislative leadership so far. Major tax cuts and budget spending are still on table, however, as these are typically the last pieces of business to close out the year.*

### **House "DOGE" Committee Appointed**

House Speaker Dan Hawkins appointed a new bipartisan oversight committee this week tasked with investigating potential misconduct or inefficiency in state agencies and programs. This 13-member committee has been granted subpoena power through state law and aims to increase government accountability by conducting public hearings and investigations.

Representative Kristey Williams was selected to chair the committee and sees the [House Select Committee on Government Oversight](#) as complementary to the [Senate's Committee on Government Efficiency](#) and Elon Musk's federal Department of Government Efficiency.

### **Judicial Selection Constitutional Amendment Advances**

The Senate narrowly passed [Senate Concurrent Resolution 1611](#) on Thursday, a constitutional amendment that would fundamentally change how Kansas Supreme Court justices are selected. With a 27-13 vote, the Senate approved switching from the current merit-based nominating commission system, in place since 1958, to direct election of justices. This amendment requires two-thirds support from both the House and Senate and would face voter ratification in the 2026 primary election.

The current system uses a nine-member commission (five lawyers elected by peers and four non-lawyers appointed by the governor) to recommend candidates, which Republicans have long criticized as undemocratic and producing liberal-leaning justices who've made controversial rulings on issues like abortion rights and school funding.

### **House Approves Property Tax Proposals**

The House debated and passed with strong bi-partisan support two significant property tax measures on Friday that are supported by House Tax Committee Chairman Adam Smith. As previously reported, [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%. Both resolutions have raised questions with several business and agricultural groups concerned that these changes could result in

an unintended consequence of shifting the tax burden from residential property to commercial and agricultural property.

Simultaneously, [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.

### **Debate on Income Tax Cuts Building**

A debate between providing broad-based tax relief and maintaining targeted incentive programs designed to stimulate specific economic activity emerged this week. [Senate Bill 259](#) and [House Bill 2318](#) were introduced by the Kansas Chamber and propose similar mechanisms to trigger future income tax cuts, establishing a formula tying potential tax reductions to excess revenues compared to an inflation-adjusted baseline. Under the proposed legislation, if collections exceed the adjusted baseline, the excess will automatically convert into income tax rate reductions for the following tax year, continuing until rates reach 4.5% for both personal and corporate income taxes. It was argued during the hearing that reducing both corporate and personal income tax rates will enhance Kansas' competitiveness, while critics noted that the bills assume no current underfunding of state programs and fail to account for increased service demands during population growth.

Meanwhile, Senate Tax Committee Chairwoman Caryn Tyson supports a different approach in [Senate Bill 283](#) by proposing to lower individual income tax rates while eliminating several tax credit programs, including the High-Performance Incentive Program (HPIP), the Kansas Affordable Housing Tax Credit Act, and payroll withholding benefits under the Promoting Employment Across Kansas (PEAK) program.

Business representatives and economic development organizations strongly oppose eliminating HPIP and PEAK incentives, arguing that these programs are vital in attracting and retaining businesses to Kansas. Opponents of the current incentive structure, including some committee members, pointed to legislative post-audit findings suggesting many projects would occur regardless of incentives and expressed concern about the long-term fiscal impact of tax credits carrying forward.

### **Foreign Land Ownership, Drone Bills Pass House**

The House debated on Thursday and approved on Friday [House Substitute for Senate Bill 9](#). Earlier in the week, the House Commerce Committee combined [House Bill 2293](#) and [House Bill 2290](#) into the Senate substitute bill.

The combined proposal prohibits foreign principals from countries of concern from acquiring interests in real property within 100 miles of military installations. The bill would require registration of existing foreign-owned properties but wouldn't mandate divestment of lands already owned by these entities as of the effective date. It also prevents government agencies from purchasing or acquiring drones whose critical components were produced in a country of concern or owned by a foreign principal.

House Majority Leader Chris Croft originally requested both bills and has been a strong advocate of legislation that he believes will protect Kansas' critical infrastructure and public safety. Agricultural interests have expressed concern the past few years on ensuring that companies currently doing business in Kansas are not impacted.

### **Business Coalition Opposes E-Verify Mandate**

A broad coalition of Kansas business groups, including the Kansas Chamber and many local chambers and agricultural groups, opposed a bill championed by Attorney General Kris Kobach that would mandate all Kansas employers use the federal E-Verify system to confirm employee work

eligibility. [Senate Bill 196](#) was heard on Thursday in the Senate Federal and State Affairs Committee. During the hearing, Kobach argued the legislation would address illegal immigration and protect lawful workers, pointing to eight states that already require private employers to use E-Verify.

The Kansas Business Coalition for Immigration Reform opposed the bill, raising concerns about the proposal's broad definitions and severe penalties. The coalition highlighted that federal law already requires employment verification through I-9 forms and questioned E-Verify's reliability. They argued that true immigration reform should be addressed federally and driven by workforce needs and pathways to legal work authorization, not government overreach into business operations.

### **Public Funds**

Agreed to language was adopted and the House Financial Institutions Committee passed out [House Bill 2152](#), the local investment bill that was brought to the Legislature by the Kansas Bankers Association. The bill proposes to make changes to how the state and local units of government invest their idle funds. The terms of the negotiated agreement include a move to a single collateral pool for banks, naming the State Treasurer's office as the administrator of the collateral pool, who is charged with confirming sufficient collateral is available in the pools. The agreement also did away with mandating local governments invest in Kansas banks if the "first look" KS rate was within 0.5% of an out of state investment.

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

The Senate Commerce Committee took up the Department of Commerce budget this week. The Senate Committee added back \$927,989 to the Kansas Tourism budget, restoring it to the FY 25 funding levels. The Senate Committee also added an additional \$2 million for FY 26 to Sunflower Summer's for a total of \$3 million. The Commerce budget will be discussed by the full Senate Ways and Means Committee on Tuesday when they work to finalize the House passed budget bill, [House Bill 2007](#).

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

The Senate Education Committee reviewed the K-12 budget, as passed the House, on Wednesday and sent a recommendation to the Senate Ways & Means Committee to reduce K12 funding to levels set out in the *Gannon* court case. This recommendation essentially removes all enhancements made by the House appropriations committee. The K-12 Education budget will be discussed by the full Senate Ways and Means Committee on Tuesday when they continue their work to finalize the budget bill, [House Bill 2007](#).

### **Illegal Aliens Receiving Public Benefits**

The Senate Federal and State Affairs Committee passed out [Senate Bill 254](#) this week on a close vote. The bill would prohibit aliens who are unlawfully present in the United States from receiving any state or local public benefit in accordance with applicable federal law. Attorney General Kris Kobach, urged the committee members to pass the bill strictly on the merits that providing any public benefits to those here illegally is breaking federal law. Opponents indicated the bill would be harmful to Kansans, hurt the Kansas economy and would be difficult to enforce without more clarity on what constitutes a public benefit.

### **Aviation and Innovative Manufacturing in Kansas (AIM-K)**

On Tuesday, the House Commerce Committee held a hearing on the [House Bill 2308](#), the Aviation and Innovative Manufacturing in Kansas act (AIM-K). The purpose of this program is to attract businesses engaged in electric motor vehicle and hydrogen-powered vehicle production industries,

aircraft assembly, or other qualified activities to build new business facilities and operations, research and development operations, or new headquarters in Kansas and to encourage the development of a Kansas-based supply chain for these enterprises. A qualifying company would be required to make a qualified business facility investment of at least \$250 million completed within five years, hire a minimum of 250 new employees within five years after the start of commercial operations with starting wages at least 100.0 percent of the county median wage of the county where the employees are employed, and to retain the number of new employees for ten years. A qualifying company would be eligible for a tax credit of up to 10% for the qualified investment that occurs during that tax year that would be spread out in equal amounts over no less than the next five tax years. The bill also has claw backs if the qualifications are not met. Proponents of the bill argued AIM-K would significantly enhance the existing, proven incentive programs that our state currently competes for projects globally. There were no opponents. The Senate Commerce Committee will be having an informational hearing on House Bill 2308 next Thursday.

### **Data Center Incentives**

On Thursday, the House Taxation Committee held a hearing on [Senate Bill 51](#) which 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. However, these facilities have faced criticism nationally for creating relatively few permanent jobs while receiving significant tax incentives. Proponents of the measure argue Kansas is at a disadvantage with no incentives to attract data center projects while the opponent, Sierra Club, urged lawmakers to consider the environmental impact these large projects have on the Kansas water and energy supplies. It is anticipated that the bill will be worked next week.

### **Low Income Housing Tax Credit Housing (LIHTC)**

On Thursday, the Senate Commerce Committee held a hearing on [House Bill 2119](#), which proposed to end LIHTC. The bill was introduced at the request of the Chairman of the House Commerce Committee, Rep. Sean Tarwater, R-Overland Park, who argues the state cannot afford the program, an impact on the state general fund of up to \$25 million per year. At the Senate hearing there were no proponents to the bill and the opponents urged legislators to not eliminate the program but to instead look to pare the program down to reduce costs. They explained to lawmakers without these incentives it will be even more difficult to find developers for housing projects, particularly in the rural areas of Kansas.

### **Next Week**

[Senate Bill 196](#)- 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. This bill will be heard on Monday in the House Commerce Committee.

[House Bill 2304](#)- Requires local governments to report certain local economic development incentive program information to the Secretary of Commerce. The bill will be heard in the Senate Gov't Efficiency Committee on Monday.

[Senate Bill 87](#) — Expanding student eligibility under the tax credit for low income students scholarship program, increasing the amount of the tax credit for contributions made pursuant to such program and providing for aggregate tax credit limit increases under certain conditions. This bill will be heard in House Education Committee on Monday and is scheduled to be worked on Wednesday.

[Senate Bill 54](#)- Limits discovery and disclosure of third-party litigation funding agreements and requiring reporting of such agreements to the judicial council for study. The bill will be heard in the Senate Judiciary Committee on Tuesday.

[House Bill 2346](#)- 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 and creating the Kansas sports tourism committee to review and determine grant awards. The House Commerce will hear this bill on Tuesday.

[House Bill 2343](#)- Creates the no-impact home-based business fairness act, supporting the development and growth of such businesses by limiting the regulatory power of municipalities. The bill will be heard in the Senate Commerce Committee on Wednesday.

[House Bill 2402](#) – Creates the blue ribbon commission on higher education to study and set long-term goals for higher education in the state of Kansas and requiring the submission of reports to the legislature. It will be heard in House Appropriations on Wednesday and is set to be worked on Thursday.