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NEWSLETTERS



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VETO SESSION PREVIEW

Wednesday, Governor Laura Kelly ended speculation over whether she would veto the \$1.56 billion tax cut package. Her veto message cited concerns about the sustainability of the tax cuts and projections the budget would be in the red by 2029. She proposed an alternative tax package that reduces the overall tax cuts by \$90 million. House Speaker Dan Hawkins has promised a veto override next week when the Legislature returns. The tax cuts passed in Senate Substitute for HB 2036 were approved by the House 119-0 and by the Senate 24-9 with five Republican senators absent.

Last week, the Consensus Revenue Estimating Group met and revised revenue projections upward by \$45.9 million for fiscal years 2024 and 2025 combined. State fiscal analysts presented a stable-to-positive outlook for the Kansas economy. Fiscal experts project an ending balance of about \$2.7 billion in 2024 and nearly \$2 billion in 2025. The state is projected to have an additional \$1.7 billion in its rainy-day fund for 2024 and about \$1.8 billion in 2025. The projected inflation rate held steady at 3% for fiscal year 2024 and was reduced to 2.5% from 2.6% for fiscal 2025.

Next week's agenda will be full with Omnibus budget considerations, veto overrides, K-12 funding, remaining conference committee reports, and tax cuts. We have provided a list below of vetoed measures for your reference to follow next week's deliberations. In addition, we are providing a link to Gov. Kelly's line-item vetoes in the budget.

GOVERNOR KELLY'S ALTERNATIVE TAX CUT PLAN

After vetoing Senate Substitute for HB 2036 with the tax cuts and HB 2098 with \$35 million in sales tax relief, Gov. Kelly proposed an alternative tax cut plan. HB 2098 passed with overwhelming margins in both chambers. It contained sales tax exemptions for disabled veterans, schools for the blind and deaf, Children's Discovery Center, Fairgrounds, Exploration Place, telecommunications companies, and custom butchering. If the vetoes on both bills are overridden, then the governor's alternative tax cut would not be considered.

The following veto message is from Gov. Kelly regarding her veto of Senate Substitute for House Bill 2036:
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"While I appreciate the bipartisan effort that went into this tax cut package and support many of the provisions included, I cannot sign into law a bill that jeopardizes our state's future fiscal stability."

The following veto message is from Gov. Kelly regarding her veto of House Bill 2098:?

"The intent of House Bill 2098 is on the right track to provide Kansans with sales tax relief.

"However, the impact these tax cuts would have on the State General Fund cannot be realized without knowing the total cost of all tax bills, including a fair, sustainable, and fiscally responsible tax relief package."??

"Kansans need meaningful sales, property, and income tax relief. However, we must ensure that the plan is affordable for the long term," Gov. Kelly said. "We must be mindful of the fiscal mistakes of the previous administration and ensure we can provide tax relief while continuing the progress we have made as a state."

Gov. Kelly's proposed plan delivers \$433 million in tax cuts per year, which also accounts for the contents of HB 2098 and SB 96. Her plan costs considerably less than what the Legislature sent to her desk, which totaled \$520 million in tax cuts when considering all bills being proposed. The bills sent to the governor's desk also did not include the child-care tax credit that Gov. Kelly says is vital to Kansas families.

The governor's plan reduces the overall costs of these proposals by nearly \$90 million per year while ensuring all taxpayers are provided meaningful and comprehensive tax relief.

GOVERNOR KELLY SIGNS BUDGET

Gov. Kelly signed the \$25 billion budget bill with two dozen line-item vetoes. As expected, the governor vetoed the \$15 million for the southwest mission sending the National Guard to the border. Other selected vetoed appropriations included \$1 million for the student training portion of a jet for KSU, \$2 million for a pregnancy awareness program, and a childcare pilot program. Thursday and Friday, the House Appropriations and Senate Ways and Means Committees are in Topeka finalizing the Omnibus budget. The committees will be looking at which line-item vetoes they will attempt to override or re-approved in their respective Omnibus bills.

RETIREMENTS AND SWAN SONGS

The veto session always features several unexpected retirement announcements and the accompanying emotional swan songs. Other members will file for re-election. The timing of Congressman Jake LaTurner's retirement may change the plans of a few members of the Kansas Legislature planning to run for re-election. During the upcoming election cycle, if state legislators are interested in seeking the open 2nd Congressional seat, both Senators and House members will be forced to give up their seat in the legislature.

LIST OF VETOED BILLS

In reviewing the House and Senate votes, it is expected a majority of these vetoes may be overridden:

- SB 233 Transgender health care
- HB 2436 Abortion coercion
- HB 2749 Abortion survey of pregnant mothers seeking an abortion
- HB 2446 Plastic bags bans
- HB 2648 Legislative role in administrative regulations
- SB 434 Cosmetology related to hair removal
- HB 2465 Crisis pregnancy centers
- HB 2614 Advance voting

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- HB 2532 Historical horse racing
- HB 2583 Police dogs
- S Sub HB 2036 Tax cuts
- HB 2098 Sales tax exemptions
- SB 271 Drone technology
- SB 473 Criminal procedure involving bond

BILL TRACKING HISTORY

A history of the bills we are tracking as of April 26, 2024, can be found here.

Kansas Legislative Insights is a publication developed by the Governmental Affairs & Public Policy Law practice group of Foulston Siefkin LLP. It is designed to inform business executives, human resources and governmental relations professionals, and general counsel about current developments occurring in current Kansas legislation. Published regularly during the Kansas legislative session and periodically when the Legislature is not in session, it focuses on issues involving healthcare, insurance, public finance, taxation, financial institutions, business & economic development, energy, real estate & construction, environmental, agribusiness, employment, and workers compensation. Bill summaries are by necessity brief, however, for additional information on any issue before the Kansas Legislature, contact Foulston Siefkin's Governmental Affairs & Public Policy Law practice group leader, C. Edward Watson, II, at 316.291.9589 or cewatson@foulston.com. Learn more about the authors below:

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