



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | APRIL 7, 2023

First Adjournment week was filled with conference committees meeting throughout the four days. Bills with relatively minor differences were quickly approved and sent to the floor. Monday provided the first surprise of the week when the House rejected having a state-funded Presidential Preference Primary. Throughout the week, all eyes were watching the budget and tax plan negotiations. The approval of the budget is the only required act by the legislature. Observers were focused on the budget negotiations with more than 100 differences between the House and the Senate versions. Throughout the week, all tax conference committee negotiations were carefully monitored to see the impact of the tax cuts on the budget.

During the Legislature, there is one constant: bills are never dead. Tuesday morning, the House moved to reconsider their Monday action on the Presidential Preference Primary and it passed the House with 84 votes. This week, the best illustration is Senate Concurrent Resolution SCR 1611. It is a constitutional amendment limiting property tax valuations to 4 percent annually. Last week, the Senate was one vote short of the two-thirds necessary to limit property tax valuations to 3 percent per year. The change to 4 percent netted 28 votes, which is one over the necessary two-thirds. If adopted by both Houses, it would be on the general election ballot in November 2024. The measure is now in the House Taxation Committee.

This week saw numerous issues negotiated and debated in conference committees. With too many issues to cover, we are going to cover some of the high-profile debates. This week, the Legislature overrode the governor's veto of the transgender female athlete's bill. Emotional arguments were made by both sides on the House floor. The intense debate was an extension from the previous day when the Legislature approved permitting lawsuits against physicians who perform gender reassignment services to children. In addition, both chambers passed an abortion reversal bill. It requires physicians to tell women that their drug-induced abortion can be stopped and potentially reversed through a two-drug treatment.

The Senate approved the elimination of the three-day grace period for election ballots to be received and counted. The 23-14 Senate vote sends the bill to the governor. The Legislature did approve the ESG bill (environmental, social and corporate governance principles) designed to prevent state and local governments from showing favoritism in investing. This includes investments based on whether a business might be a fossil-fuel company, gun manufacturer, or limits access to abortion for employees. The bill was nearly derailed in the Senate when the

conference committee removed language referring to foreign adversaries.

Thursday was the longest day, with both chambers starting at 10:00 a.m. and adjourning after 4:00 a.m. on Good Friday. Both chambers approved the budget, except for school finance, and a compromise tax plan. The tax conference committee emerged with an agreement on Wednesday evening. Kansas will become a single-rate income tax state. The flat tax rate will be 5.15%. The elimination of the food sales tax will be delayed until Jan. 1, 2024. It applies to the state sales tax only on food, not local taxes. The agreement exempts \$60,000 of property value from the state's 20-mill property tax for schools. It addresses the Social Security cliff by adjusting the cap to \$100,000, with \$5,000 upward adjustments annually. Corporate taxes are 3% in the agreement, with banks and savings and loans also seeing reduced taxes. The House approved the tax conference committee report 85-38 and the Senate approved 24-13 with several Senators absent.

Among the final issues addressed was approving increasing pay for statewide elected officials, judiciary and an independent commission to address legislative compensation. Beginning in 2025, salaries for statewide elected officials will be tied to Congressional salaries, which are \$174,000 annually. The governor's pay would rise from \$110,707 to \$174,000. The Secretary of State, Insurance Commissioner, and Treasurer's salaries would be \$160,950, which is equal to the same base amount minus 7.5%. The Secretary of State, Insurance Commissioner, and Treasurer's salaries would minus 7.5% for a salary of \$160,950. Currently, each statewide officer makes around \$86,000. The House vote was 76-46, while the Senate margin was 25-8.

Early Friday morning, the Senate defeated two high-profile measures by narrow margins. SB 83, addressing education savings accounts to attend private school or home school options, failed with several Senators absent. The other conference committee report that failed was on HB 2390, limiting the authority of schools and health departments to deal with infectious disease outbreaks and require vaccinations.

The veto session starts on April 26. The House Appropriations and Senate Ways and Means Committee are expected to arrive on April 24 to begin work on the Omnibus budget bill.

BILL INTRODUCTIONS AND NOTABLE DEVELOPMENTS

COURTS, LAWS, AND REGULATIONS

HB 2002 – As amended by the Senate Committee of the Whole, would amend law related to the revenue-neutral rate hearing notice, require property valuation notices to include additional information, permit the use of fee simple appraisals performed by Kansas Certified Residential Real Property Appraisers in certain valuation appeals, permit payment under protest appeals by taxpayers having already appealed their property valuation pursuant to an equalization appeal, and codify agricultural land adverse influences for property valuation purposes. The Committee passed the bill on emergency final action as amended; Yea: 34, Nay: 6.

S Sub for HB 2058 – As amended by the Senate Committee of the Whole, would amend law to authorize any gaming compact concerning sports wagering to include provisions governing sports wagering outside the boundaries of Indian lands. The Committee passed the substitute bill on emergency final action as amended; Yea: 29, Nay: 10.

HB 2083 – As amended by the Senate Committee of the Whole, would establish the Kansas Vacant Property Act and prohibit city and county governments from taking certain actions against a property based solely on the property being vacant.

HB 2275 – As amended by the House Committee of the Whole, would make several changes to a tax credit available for certain purchases from qualifying vendors employing individuals with disabilities and create a matching grant program to facilitate the transition of certain employers toward paying employees at least minimum wage. The Committee passed the bill on emergency final action as amended; Yea: 124; Nay: 0.

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SB 152 – As introduced would tie salary amounts for the Governor, Lieutenant Governor, Secretary of State, State Treasurer, Insurance Commissioner, Supreme Court Justices, Court of Appeals Judges, and members of the Governor’s cabinet to the annual salary of a federal congressional member not in a leadership role. The Governor and Attorney General would receive an annual salary equal to that of a federal congressional member not in a leadership role plus 10.0 percent. The Secretary of State, State Treasurer, Commissioner of Insurance, Supreme Court Justices, and Court of Appeals Judges would receive an annual salary equal to that of a federal congressional member not in a leadership role. The Chief Justice and Chief Judge of the Court of Appeals would receive an annual salary equal to that of a federal congressional member not in a leadership role plus 2.5 percent.

SB 324 – Would provide for transfers to and distributions from the Legislative Help Grant Fund and would establish Help Counties Grants, State Representative Help Grants, and State Senator Help Grants. Referred to the Senate Committee on Ways and Means, Sen. Rick Billinger, Chair.

TAXATION

HB 2470 – Would extend the period of time to file for property tax homestead claims. Referred to the House Committee on Taxation, Rep. Adam Smith, Chair.

H Sub for SB 169 – As amended by the House Committee of the Whole, would, among other things, provide a 5.25% tax rate for individuals and decrease the normal tax for corporations; discontinuing possible future corporate rate decreases as a result of agreements under the Attracting Powerful Economic Expansion Program Act. The Committee passed the substitute bill on final action as amended; Yea: 94, Nay: 30.

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, 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, James P. Rankin at 785.233.3600 or jrankin@foulston.com. Learn more about the authors below:

James (Jim) P. Rankin

Co-Editor and Governmental Affairs & Public Policy Law Team Leader

785.233.3600

jrankin@foulston.com | [View Bio](#)

As a partner at Foulston Siefkin, Jim’s practice focuses on employee benefits law relating to public, private, governmental, and tax-exempt organizations. A large part of his work involves Insurance Regulatory and compliance issues in many industries, including Healthcare. Jim has been selected by his peers for inclusion in *The Best Lawyers in America*[®] and the *Missouri & Kansas Super Lawyers*[®] list. He is the firm’s representative with State Law Resources, Inc., a national network of independent law firms selected for their expertise in administrative, regulatory, and governmental relations at the state and federal level.

Gary L. Robbins

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Co-Editor and Governmental Affairs Consultant
785.640.2651
garyrobbinsconsulting@gmail.com | View bio

Gary, a governmental affairs consultant to Foulston Siefkin's Governmental Affairs & Public Policy practice group, provides legislative monitoring and lobbying services for Foulston's governmental relations clients. He holds a bachelor of science degree in history and political science from Southwestern College and a master's degree in labor economics from Wichita State University. Throughout his extensive career, Gary has served as CLE Director to the Kansas Bar Association and as Executive Director of the Kansas Optometric Association.

Eric L. Sexton, PhD

Contributing Author and Governmental Affairs Consultant
316.371.7553
esexton@foulston.com | View bio

Eric, a governmental affairs consultant to Foulston Siefkin's Governmental Affairs & Public Policy practice group, has nearly 30 years' experience providing strategic direction and governmental relations services. As Wichita State University's governmental relations leader for 18 years, Eric developed lasting relationships at the local, state, and federal Government level around Kansas. Eric holds a doctorate in political science from the University of Kansas and a masters in public administration from Wichita State University, complementing his undergraduate business degree from Wichita State.

C. Edward Watson, II

Contributing Author and Governmental Affairs & Public Policy Law Partner
316.291.9589
cewatson@foulston.com | View Bio

As a partner at Foulston Siefkin, Eddie represents clients in matters before state regulatory commissions, courts, and local governmental bodies. He has built and maintained relationships with key individuals – including lobbyists, elected and appointed officials, and staff members – that prove valuable in advancing clients' interests and issues. Drawing on his experience as a regional governmental affairs attorney for AT&T in Chicago, he helps clients navigate the maze of federal policies and agencies, advises on how processes work in Washington, and provides introductions to those who can help them accomplish their goals.

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PRACTICE AREAS

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