

NEWSLETTERS



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | JANUARY 12, 2024

WEEK ONE OVERVIEW

Monday, the 2024 Legislature opened amid wintry conditions with a busy agenda. Both chambers passed resolutions in support of Israel. The winter storm forced cancellation of the Tuesday schedule. Wednesday, committees started accepting requests for bill introductions and listening to updates from the agencies under their purview. Chief Justice Marla Luckert delivered the State of the Judiciary address Wednesday afternoon. In the evening, Governor Laura Kelly gave her State of the State address outlining her priorities on education funding, Medicaid expansion, reorganizing childhood services, tax relief and the water plan. Thursday, the Governor's budget was released in a joint meeting of the House Appropriations and Senate Ways and Means Committees. They were also briefed on the state's latest financial picture. We will bring you more details in the coming week. The House and Senate Education committees also met jointly to hear an update from the Kansas State Board of Education. With more winter weather predicted for Friday, many legislators went home Thursday. The Legislature will return next Tuesday after the Martin Luther King, Jr., holiday.

2024 is the second year of the 2023-24 biennium. There are still pending bills in committees and on the debate calendars. These represent unresolved issues from last session. Potentially, we will see fewer bill introductions as legislators continue work on 2023 bills. Casual observers may believe each annual legislative session starts fresh; however, many of these carryover issues in 2024 will dominate the second year of the 2023-24 biennium. For example, Thursday, the Senate Federal and State Affairs Committee heard SB 36 (amending the definition of ancestry in the Kansas act against discrimination to include traits historically associated with ancestry, including hair texture and protective hairstyles). Additionally this week, the Senate Assessment and Taxation Committee heard SB 196, reinstating transfers to the Local Ad Valorem Tax Reduction Fund (LAVTRF). Both Senate bills were introduced in 2023.

WHAT'S ON THE AGENDA

House Speaker Dan Hawkins and Senate President Ty Masterson have consistently promoted the flat tax after it narrowly failed by one vote on a veto override last session. Both Republican leaders have made passage their

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number-one priority. They are also interested in addressing the other tax relief measures passed last session as well including property taxes. The death of a 5-year-old Topeka child last fall has again prompted calls for establishing an Office of Child Advocate. There is bipartisan support for the issue, but differences exist over whether it is under the executive or legislative branch of government. Republicans also want to look at reforming the special education formula. Banning gender reassignment and school choice may also be revisited.

The House and Senate Democratic leaders provided an outline of their agenda for Kansas as they prepare for the 2024 legislative session. Key initiatives include advocating for responsible tax reform, enhancing special education and early childhood education funding, and championing Medicaid expansion. These efforts aim to address crucial needs in education and healthcare, reflecting a commitment to progressive policies.

However, the path forward is challenging given the political landscape. Democrats express concerns about limited cooperation from Republican counterparts, particularly in areas like property tax relief, marijuana legalization, and LGBTQ rights. This scenario sets the stage for potentially heated debates and complex negotiations in the upcoming legislative session.

Gov. Kelly announced her bipartisan tax plan at a Monday morning press conference with her supporters, including two Republican Senators and one Independent Senator. The Governor reiterated her opposition to the flat tax based on its unfairness to low-income Kansans.

GOVERNOR KELLY DELIVERS THE STATE OF THE STATE ADDRESS

Governor Laura Kelly focused her 2024 priorities on addressing rural community challenges in her sixth State of the State address. She strongly advocated for Medicaid expansion, linking it to the prosperity of rural Kansas and citing support from 70% of Kansans.

Gov. Kelly highlighted her administration's achievements: balanced budgets, low unemployment, significant economic development, infrastructure improvements, foster care reform, \$1 billion in tax cuts, and progress in the state water plan. She proudly noted, "Kansas led the nation in business investment per capita last year and continues to hold that position ... last year, Kansas attracted more business investment per capita than any other state in the country. This year, Kansas is #1 – again."

Reaffirming her commitment to education, Kelly emphasized funding for K-12 and special education and investing in early childhood programs. She proposed consolidating childcare services under the Office of Childhood and stood against school vouchers, citing their negative impact on rural and urban schools.

Gov. Kelly vetoed the 2023 tax cut bill because it included a flat tax, which she opposes. In her address, she introduced a bipartisan tax cut proposal which included many of the provisions of last year's bill, but no flat tax. The proposal focuses on accelerating the removal of the food sales tax, eliminating Social Security taxes for seniors, and increasing the property tax exemption to \$100,000. She also suggested a tax-free period for back-to-school shopping. Concluding, she announced full funding in her budget for the state water plan to tackle the water crisis in rural Kansas.

LAST WEEK'S DEVELOPMENTS

Last Tuesday, the Kansas Department of Revenue reported that tax revenue for the first six months of FY 2024 was \$4.6 billion. This number exceeds Kansas tax revenue from the first half of FY 2023 by \$31 million. However, the \$4.6 billion is \$50 million under the revised April projections. The December tax collections were \$946 million, which were 3.3% below the projection.

Last Friday, the Special Education and Other Related Services Funding Task Force met and heard testimony on the funding issues. The Task Force was composed of five legislators and six non-legislators. The members

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recommended a four-year plan to add \$82.7 million annually to fund a state law requiring the state to cover 92% of extra costs for serving gifted and disabled students. All four Republican lawmakers on the panel opposed the recommendation.

Last week, Kansas received an improved credit rating to AA by Fitch Ratings. This positive development from Fitch upgrades Kansas' issuer default rating (IDR) to AA with a stable outlook. Fitch noted: "Kansas' long-term IDR reflects a sustained trend of structurally balanced budgets, the rebuilding of Kansas' fiscal reserves to well above historical norms and a materially improved liquidity profile." Fitch also noted solid control over spending and moderate long-term liability burden as factors in the rating.

Last session, the House and Senate failed to pass concurrent resolutions calling for a Constitutional Convention to propose amendments to the U.S. Constitution. The measure failed by five votes in the Senate and 10 votes in the House to reach the necessary two-thirds. State Sen. Mike Thompson and State Rep. Michael Murphy filed a lawsuit in federal district court challenging the two-thirds requirement. They are suing Senate President Ty Masterson and House Speaker Dan Hawkins, asserting the legislation passed because both resolutions passed with simple majorities. All four legislators voted for the resolution.

2024 LEGISLATIVE DEADLINES

We have included the key deadlines below for your reference for the 2024 session. Turnaround Day or the House of Origin deadline is Feb. 23. First adjournment is April 5 with the veto session starting April 29.

Monday, Jan. 29

Last day for member or members to REQUEST bill drafts from Revisor's office.

Monday, Feb. 5

Last day for non-exempt Committees to REQUEST bill drafts from the Revisor's office. NOTE: This is the last day requests for introduction can be on non-exempt committee agendas.

Wednesday, Feb. 7

Last day for Individuals to INTRODUCE bills in originating chamber. NOTE: Bills must be submitted to chamber staff during daily session for Introduction.

Friday, Feb. 9

Last day for non-exempt Committees to INTRODUCE bills in originating chamber. NOTE: Bills must be submitted to chamber staff during daily session for Introduction.

Friday, Feb. 23 (Turnaround Day)

Last day to CONSIDER NON-EXEMPT BILLS IN HOUSE OF ORIGIN.

Thursday, March 28 (Second Chamber Consideration)

Last day to CONSIDER non-EXEMPT BILLS NOT IN ORIGINATING CHAMBER.

Friday, April 5 (First Adjournment)

No bills considered after this date except BILLS VETOED BY GOVERNOR, OMNIBUS APPROPRIATIONS ACT AND OMNIBUS RECONCILIATIONS SPENDING LIMIT BILL. Note: Subject to suspension motion pursuant to Joint Rule 4(k).

Veto session is anticipated to begin on April 29. The House Appropriations and Senate Ways and Means committees will meet April 25 and 26.

BILL INTRODUCTIONS

SENATE BILLS

SB 328: LIMITATION OF EMPLOYMENT BY MEMBERS OF LEGISLATURE AND EXECUTIVE BRANCH. The bill, introduced by Sen. Tom Holland, Baldwin City, would restrict the ability of the lieutenant governor to be employed by a state agency and would restrict members of the executive branch from serving in the legislature. The bill has been referred to the Committee on Federal and State Affairs chaired by Senator Mike Thompson.

SB 329: ECONOMIC DEVELOPMENT. The bill, introduced by Sen. Tom Holland, Baldwin City, relates to the Angel Investor Tax Act and would discontinue issuance of new tax credits after 2024, prohibit the transfer of tax credits after Dec. 31, 2028, and would repeal K.S.A. 2023 Supp 74-8133. The bill has been referred to the Committee on Commerce chaired by Sen. Renee Erickson.

SB 331: HEALTH AND ENVIRONMENT. This bill, introduced by Sen. Dan Kerschen, Garden Plain, concerns the public water supply system and hazardous waste and would remove the definition of lead-free from the prohibition against the use of lead pipe in any residential or non-residential facility providing water for human consumption. The bill also would update the terminology used to describe hazardous waste generated in the process of construction and demolition. This bill has been referred to the Committee on Agriculture and Natural Resources chaired by Sen. Virgil Peck.

SB 332: TAXATION. This bill, introduced by Sen. Rob Olson, Olathe, concerns the local ad valorem tax reduction fund and would authorize the distribution of moneys from such fund in fiscal year 2025 and all subsequent fiscal years, and would provide for the distribution of all moneys received from such fund to residential property taxpayers in the form of a state tax rebate. The bill has been referred to the Committee on Assessment and Taxation chaired by Sen. Caryn Tyson.

SCR 1614: CONSTITUTIONAL AMENDMENT. This concurrent Senate Resolution, introduced by Sen. Rob Olson, Olathe, would amend Section 2 of Article 2 of the Kansas Constitution to limit the time that a Senator or Representative may serve in the legislature. The bill has been referred to the Committee on Federal and State Affairs chaired by Sen. Mike Thompson.

HOUSE BILLS

HB 2476: NATIONAL LAND DESIGNATIONS. This bill, introduced by Rep. Brett Fairchild, St. John, and others, would require legislative approval of any designation of a national heritage area or a national historic trail in Kansas or require legislative approval for the inclusion of certain property within such designations. The bill also would create a restriction that no funds could be expended for any such heritage area or national historic trail without prior legislative approval. The bill has been referred to the Committee on Agriculture and Natural Resources, chaired by Rep. Ken Rahjes.

HB 2477: AGRICULTURE. This bill, introduced by Rep. Ken Rahjes, Agra, relates to environmental remediation and would increase the maximum reimbursement from the Kansas Agricultural Remediation Fund from \$200,000 to \$300,000 for an eligible person, and from \$400,000 to \$600,000, when both the buyer and seller or the lessor and lessee are responsible for remediation. The bill would also increase from \$150,000 to \$175,000 the amount available to the Kansas Agricultural Remediation Board for overhead expenses. The bill has been referred to the Committee on Agriculture and Natural Resources chaired by Rep. Ken Rahjes.

HB 2478: INSURANCE. This bill, introduced by Rep. Pat Proctor, Fort Leavenworth, concerns the Healthcare Provider Insurance Availability Act, and would add "maternity center" to the definition of "healthcare provider" in the Act. The bill has been referred to the Committee on Insurance chaired by Rep. William Sutton.

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HB 2487: CRIMES, PUNISHMENT AND CRIMINAL PROCEDURE. This bill introduced by Rep. Nick Hoheisel, Wichita, and others, relates to the regulation of controlled substances, and provides immunity from prosecution for drug crimes when persons seek or provide medical assistance related to the use of a controlled substance. This bill has been referred to the Committee on Corrections and Juvenile Justice chaired by Rep. Stephen Owens.

HB 2488: CRIMES, PUNISHMENT AND CRIMINAL PROCEDURE. This bill introduced by Rep. Nick Hoheisel, Wichita, and others, relates to assisted suicide and would establish criminal penalties for persons intentionally advising or encouraging another person to commit or attempt to commit suicide. This bill has been referred to the Committee on Corrections and Juvenile Justice chaired by Rep. Stephen Owens.

HCR 5017: CONSTITUTIONAL AMENDMENT. This concurrent House Resolution, introduced by Rep. Mike Dodson, Manhattan, would amend Article 9 of the Kansas Constitution to provide a constitutional basis for counties' power of Home Rule. This bill has been referred to the Committee on Local Government chaired by Rep. Emil Bergquist.

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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