



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | JANUARY 20, 2023

SECOND WEEK

The second week of the 2023 Legislature opened with a bipartisan display of harmony on tax legislation. There was some frustration over broadcasting rights for post-season high school activities, and discussions continued over ways to address flaws in the juvenile justice system. The House Appropriations Committee expressed frustration over the SPARK Committee procedures for distributing the \$374 million in federal COVID-relief plan funding.

On Tuesday, the Legislature returned with committees continuing to accept bill introduction requests and receive informational briefings. Several committees started conducting hearings on bills. At the request of the Kansas Bar Association, Foulston attorney Tim O'Sullivan testified before the House Taxation Committee on probate legislation this week.

The Senate Utilities Committee provided an example of informational hearings. The Committee heard an informational overview on the oil and gas industry, and the Kansas Advanced Power Alliance gave an overview of the wind industry, with an emphasis on hydrogen as a potential workable energy alternative. The overview of the power industry was provided by Evergy, the Kansas Electric Cooperatives, and Kansas Municipal Utilities.

TAX HOLIDAY UPDATE

With more than \$2 billion in surplus funds in the Kansas state treasury, there have been several tax cut bills introduced, including sales-tax exemption bills. This week, the Senate Assessment and Taxation Committee heard overviews on property tax and sales tax. On Thursday, the committee held hearings on three proposed sales tax holiday bills for certain school supplies. Apparently, there is bipartisan support for a sales tax holiday for school supplies, though there are differences over what constitutes a school supply with two versions of the measure including clothing and computers. The effective dates vary between 2023 and 2024. Senate Assessment and Taxation Committee Chair Sen. Caryn Tyson is optimistic the differences can be resolved. Senate Minority Leader Dinah Sykes shared her support as well.

GOP AGENDA

On Tuesday, Jan. 10, House and Senate Republicans unveiled their "Better Way" agenda. This week, House Speaker Dan Hawkins stressed the agenda is intended to provide a roadmap for the 2023 Legislative Session

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without addressing the specific details, leaving those to the various committees working on these issues. This marks a change in leadership style from the previous session when specific bills were recommended by leadership. The Better Way agenda includes many standard Republican topics such as school choice, taxes, the economy, energy, and law enforcement. Find the details here. Next week, Gov. Laura Kelly will deliver her State of the State address with her proposals for the future.

WEEK THREE ADDRESSES RUNOFF ELECTIONS, BROADCASTING RIGHTS, AND TAXES

In addition to the State of the State address, committees will be hearing more bills and briefings. The Senate Commerce Committee will review workforce development. Six tax bills are on the agenda for the Senate Assessment and Taxation Committee, including SB 7, which would reduce income tax rates for residents domiciled in a rural equity decline county. The Senate Education Committee will be hearing SB 13, addressing the right to broadcast post-season high school games, notwithstanding the Kansas State High School Activities Association signed an exclusive broadcast agreement for post-season activities. Senate Utilities will discuss Kansas Robo-Call regulations and light-mitigating technology systems bills for new and existing wind energy farms.

With 30 new House members, next week's House schedule continues to focus on informational briefings in some committees. The House Tax Committee will be hearing five bills next week. Two measures address increasing the income limit for the income tax subtraction modification for social security income. The committee will also hear a sales tax exemption for purchases by a not-for-profit corporation operating a community theater.

The House Elections Committee will be hearing HB 2013, requiring a runoff election between the top two candidates whenever a candidate for a state office fails to receive a majority of the votes cast at a general or special election. A measure to require all advance voting ballots be returned by 7 p.m. on election day is also on the hearing schedule.

BILL INTRODUCTIONS

COURTS, LAWS, AND REGULATIONS

HB 2042 – Would authorize the towing by operators of self-storage rental units of motor vehicles, watercrafts, or trailers if the occupant is in default for more than 45 days; and would grant operators protection from liability for damages; extinguishing an operator's lien on such property upon towing; and provide for notice to the occupant and opportunity for redemption prior to towing. Referred to the Committee on Commerce, Labor and Economic Development, Rep. Sean Tarwater, Chair.

HB 2045 – Would increase the statutory limit on charges that may be assessed on pawnbroker loans. Referred to the Committee on Federal and State Affairs, Rep. Will Carpenter, Chair.

HB 2047 – Would increase the amortization period on loans from the Kansas Water Pollution Control revolving fund. Referred to the Committee on Water, Rep. Jim Minnix, Chair.

SB 34 – Would expand the availability of Kansas rural housing incentive districts to certain cities and liberalize the use of bond proceeds. Referred to the Committee on Financial Institutions and Insurance, Sen. Jeff Longbine, Chair.

SB 35 – Would increase the rate of compensation for Legislators for service during regular and special sessions and the interim period between regular sessions. Referred to the Committee on Ways and Means, Sen. Rick Billinger, Chair.

SB 36 – Would amend the Kansas act against discrimination as it relates to ancestry; including hair texture and protective hairstyles. See also HB 2044. Referred to the Committee on Federal and State Affairs, Sen. Mike Thompson, Chair.

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SB 38 – Would increase an employee’s potential maximum liability for permanent total disability. Referred to the Committee on Commerce, Sen. Renee Erickson, Chair.

SB 40 – Would provide a subtraction modification to permit the carryforward of certain net operating losses for individuals. Referred to the Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

SB 44 – Would enact the Kansas financial institutions information security act; and require certain covered entities to protect customer information; and authorize the state bank commissioner to adopt rules and regulations; providing penalties for violations of such act. Referred to the Committee on Financial Institutions and Insurance, Sen. Jeff Longbine, Chair.

HB 2058 – Would affect special order shipping license by requiring monthly remittance of gallonage taxes rather than quarterly as under current law. Referred to the Committee on Federal and State Affairs, Rep. Will Carpenter, Chair.

HB 2063 – Would limit workers compensation reductions based on the receipt of retirement benefits to reductions of permanent disability compensation based on the receipt of retirement benefits that begin after an accident. Referred to the Committee on Commerce, Labor and Economic Development, Rep. Sean Tarwater, Chair.

HB 2064 – Would establish the Kansas Employee Emergency Savings Account (KEESA) program in order to provide an income and privilege tax credit for certain eligible employer deposits to employee savings accounts established under the program. Referred to the Committee on Commerce, Labor and Economic Development, Rep. Sean Tarwater, Chair.

HB 2077 – Would require certain information to be provided to the Joint Committee on Information Technology. Referred to the Committee on Appropriations, Rep. Troy Waymaster, Chair.

TAXATION

SB 37 – Would expand the transferability of income privilege and premium tax credits allowed under the Kansas Housing Investor Tax Credit Act. Referred to the Committee on Financial Institutions and Insurance, Rep. Jeff Longbine, Chair.

SB 41 – Would allow a credit, not to exceed \$300.00, per retailer relating to the collection and remittance of sales and use taxes. Referred to the Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

SB 52 – Would increase the income limit to qualify for the subtraction modification for social security benefits; and would provide a subtraction modification for certain amounts received from retirement plans. Referred to the Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

SB 53 – Would exclude manufacturers’ coupons from the selling price for purposes of calculating sales tax. Referred to the Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

SB 54 – Would expand the eligible uses for the 0% state rate for sales of certain utilities and provide for the levying of such tax by cities and counties. Referred to the Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

SB 55 – Would provide a sales tax exemption for sales of certain school supplies, computers, and clothing during an annual sales tax holiday. Referred to the Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

SB 56 – Would modify calculation of Kansas adjusted gross income by increasing the income limit to qualify for a subtraction modification for social security income. Referred to the Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

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SB 57 – Would provide an exemption from sales and use tax sales of children’s diapers and feminine hygiene products; and would establish the STAR bonds food sales tax revenue replacement fund and provide certain transfers thereto. Referred to the Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

HB 2061 – Would provide a 5% tax rate for individuals and corporations and provide that future tax rate decreases be contingent on exceeding revenue estimates. Referred to the Committee on Taxation, Rep. Adam Smith, Chair.

UTILITIES

SB 49 – Would require “new” wind energy conversion systems to be constructed with light-mitigating technology systems prior to the commencement of operations subject to the approval of the federal aviation administration. See SB 46 regarding existing systems. Referred to the Committee on Utilities, Sen. Robert Olson, Chair.

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:

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PRACTICE AREAS

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