



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | MARCH 29, 2024

SECOND HOUSE DEADLINE PASSES

Week 12 saw three days of floor debate ahead of the March 28 second House deadline for non-exempt bills to pass in the other chamber. Both the House and Senate finished the week with a flurry of bills and consideration of conference committee reports. The House unanimously passed its respective tax bills along with narrowly passing education funding, foreign ownership of land, and numerous other issues. The Senate debate agenda included abortion, convention of states, expanding the role of the Medicaid Inspector General, education, and a wide range of other issues. It is noteworthy that no bills failed in the House and only two did so in the Senate. This reflects quality work and agreement by committees in both chambers.

The Senate defeated one bill and one Senate Concurrent Resolution (SCR). SB 427 was promoted to bring more accountability to school boards. It would allow any board member to add items to meeting agendas and allow access to any building in the district, along with requiring public comment at all meetings. The Senate debate focused on how disruptive it could be to have members adding agenda items. On final action Tuesday, SB 427 was killed 13-24. SCR 1609 on the Convention of States failed 24-15 by not receiving the necessary 2/3 vote.

Legislators have taken off for a long weekend. Thursday, the only exception was the Senate Federal and State Affairs Committee. They conducted a hearing on medical marijuana before tabling the bill.

TAX UPDATE

On the tax front, Tuesday was a pivotal day with the House debating its tax plan. Members offered 14 amendments but only four were adopted. On the House floor, the House eliminated taxes on Social Security immediately, rather than phasing them out over four years as proposed by the House Taxation Committee. The House Taxation Committee bill, SB 300, did not address accelerating the elimination of the sales tax on food, which is scheduled to expire on Jan. 1, 2025. During the House floor debate, the sales tax on food was eliminated effective July 1, 2024. The House also increased the amount of property exempt from the school property tax levy to \$100,000 from the \$80,000 in the tax committee bill. House Tax Committee Chair Rep. Adam Smith stressed in committee and on the House floor that the tax package was designed to benefit middle-class taxpayers while offering a tax package with a fiscal impact under \$500 million annually. On final action, the House voted 123-0 to approve SB 300. House

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Speaker Dan Hawkins thanked the House and both parties for working together. Observers expected the Senate to non-concur and send the bill to conference committee to begin negotiations over the Senate flat tax bill and the House two-bracket tax bill. Upon arrival in the Senate, Senate President Ty Masterson ruled SB 300 materially changed the bill and referred it to the Senate Assessment and Taxation Committee. This leaves the tax cuts in limbo. The Senate tax package of \$1.7 billion is significantly larger than the House version, raising sustainability questions.

CYBERSECURITY AND NATIONAL SECURITY RISKS ADDRESSED

After the Kansas judiciary system was shut down last fall by Russian hackers, legislators responded by addressing cybersecurity for state agencies. In addition, legislators addressed internet protection for children and potential national security risks. House Sub for SB 291, as amended, would create a reorganization of information technology (IT) and cybersecurity services within each branch of state government. After July 1, 2027, the bill would direct that all cybersecurity services for every branch of state government would be overseen by the Chief Information Technology Officer (CITO) and the Chief Information Security Officer (CISO) within each respective branch. Furthermore, it would require all cybersecurity staff within each branch of state government to be directed by the CITO of that branch. This week, the House passed the bill 118-5. The Senate non-concurred with the House amendments and sent it to the conference committee. Updating software and hardware for various agencies is also addressed in the budget.

Wednesday, the Kansas House approved (83-40) House Sub for SB 271, which seeks to ban the state agency use of drones with parts from certain countries, including China. The bill includes a provision for a \$2.5 million fund to aid in the replacement of these drones in the Attorney General's office and allocates \$500,000 for two universities to investigate the drones' potential for espionage. The Legislature also passed Sub Bill for SB 37 on divesting KPERS and other state investments from foreign countries of concern by 2026. The House vote was 85-38.

Tuesday, the Kansas Land and Military Installation Protection Act (SB 172) generated an emotional floor debate. Proponents stressed the bill is about the country's national security interests against six countries of concern (China, Cuba, Iran, North Korea, Russia, Venezuela, or any organization identified on the federal foreign terrorist list). The bill would prohibit countries of concern's agents, residents, and citizens from acquiring any interest in nonresidential real property located within 150 miles of the boundary of any military installation located in Kansas or an adjacent state. During the House floor debate, Rep. Rui Xu, D-Westwood, expressed his concerns about the bill being discriminatory toward Asian Americans. Rep. Susan Ruiz, D-Shawnee, expressed concern about immigrants and small-business owners impacted by the bill. Proponents explained that the bill protects our national security interests and serves as a proactive measure. The bill passed 84-39.

Tuesday, the House tentatively approved SB 394, requiring age verification software for internet sites to block content considered harmful for minors. Tuesday, the House voted 92-31 to approve the bill. In February it passed the Senate 40-0.

GENDER CARE BAN APPROVED

Wednesday, Kansas will potentially join 24 other states in banning gender affirming care for Kansas children. There was emotional discussion on the House and Senate floors. The bill bans health care providers from treating gender dysphoria with puberty blockers, hormone treatments and surgery. Governor Kelly vetoed a similar measure last session. This session it appears that a veto override might be possible. The bill passed in the House with 82-40 with two Republican House members absent. This raises the possibility the House could override with the necessary 84 votes. The Senate passed the bill with the necessary 27 votes for an override.

WHERE'S WALDO?

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The budget, taxes, and controversial issues will always command the attention of the media and public. The KLI cannot report on the hundreds of bills introduced annually that address the concerns of local communities and everyday Kansans. Issues were addressed this week that we take for granted. Some of the examples include elevator safety, licensing issues, technology, veteran benefits, and simple bills improving the efficiency of state government to serve Kansans. Many of the seemingly non-controversial bills are responses to the needs of local communities. The Monday calendar in both chambers illustrates the point. Among the issues on the consent calendar were the Crime Victims' Compensation Board, the Law Enforcement Memorial Advisory Committee, groundwater management districts, providing notice of revoked rules and regulations, and library districts. The KLI wants to acknowledge the Legislature's hard work on the often forgotten but vitally important issues that affect everyday Kansans.

WHAT'S NEXT?

First adjournment is April 5. Next week will be devoted to conference committees negotiating differences between the chambers. Next steps on the House and Senate tax bills will attract the most attention. The budget negotiations will be center stage as negotiators will discuss hundreds of differences between the House and Senate versions. The Kansas Constitution has only one requirement for the Legislature – to pass a state budget. The budget surplus has made tax cuts a reality. There will be conference committee reports on numerous other bills as well. After first adjournment, eyes will be on the Consensus Revenue Estimating Group meeting in mid-April to see the adjusted revenue estimates amid monthly shortfalls in this fiscal year. Other important dates to remember are noted below:

- April 5 – First Adjournment
- April 29 – Veto Session
- May 2 – 90th Day

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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