

NEWSLETTERS



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | MAY 2, 2024

VETO SESSION OVERVIEW

The Kansas Legislature adjourned *sine die* just after midnight on Tuesday, marking the end of the 2024 session. During the three-day session, we witnessed veto overrides, completion of the Omnibus budget bill, emergence of a new tax bill, retirement announcements, and conference committee reports needed to complete the legislative work for this session. Tuesday evening, voting on the Omnibus budget and other items was briefly interrupted by tornado sirens and a retreat to the lower levels of the Capitol. However, in typical Kansan fashion, many went to the north portico of the State Capitol to witness the show.

Prior to adjournment, the House and Senate had prepared a bill establishing a Star Bond district to attract a professional sports team to Kansas. However, there wasn't adequate time to debate the issue before adjournment. On Wednesday, Governor Laura Kelly announced April revenues were \$101 million above the estimate, or almost 8%.

Sine die adjournment also means that legislators can start fundraising for the 2024 elections. If the governor calls a Special Session, legislators will need to suspend fundraising while in session.

OMNIBUS BUDGET

The Omnibus budget bill is always the final budget bill needed for adjournment. It addresses deferred budget items, funding of measures passed in the veto session, and adjusts the budget to account for the fiscal impact of veto overrides. The Omnibus budget (HB 2551) passed the Senate 22-11 and the House 71-49.

The provision delaying enforcement of the Kansas Consumer Act against drug manufacturers participating in the 340B program in FY '25 and FY '26 until the U.S. Supreme Court rules on related litigation generated spirited debate. The concern was whether independent rural pharmacies could survive the delay. The Omnibus budget also contains language to distribute excess revenue above \$71.5 million from the State Gaming Revenue Fund, excluding revenue from sports wagering to the Attracting Professional Sports to Kansas Fund in FY '25 and FY '26.

TAX CUT BATTLE

As last week's KLI noted, Gov. Kelly vetoed the latest mega tax package S. Sub for HB 2036. The House easily overrode the veto by a vote of 105-14. After a passionate debate, the Senate failed to gain the needed vote to achieve the two-thirds needed to override. The governor's veto was sustained on a vote of 26-14.

Tuesday, the Senate and House Tax Conference Committee met three times in order to reach an agreement on a new tax cut proposal. The new tax cut bill was inserted into SB 37 in a final attempt to reach agreement between the Senate, House, and governor. The provisions of HB 2036 were inserted into SB 37 with the revision only adjusting the rates for the two-tier system to 5.2% and 5.57%. The bill passed both chambers before adjournment. Gov. Kelly has said this bill wasn't a serious effort at tax relief, and she implied a veto is likely with a special session to follow. The speculation is that the special session may be called before the June 3 deadline to file for re-election.

The Tax Conference Committee also discussed HB 2096. It was returned to conference by the House shortly before first adjournment. The bill contained several property tax relief items, including increasing tax credits for household and dependent care expenses, tax relief for disabled veterans, and a property tax rebate for businesses against whom governments are competing. Competing against a business would be defined to mean any government offering the same or substantially the same goods or services to the public and receiving any payment for the goods or services. HB 2096 passed the Senate 23-11 and by a 91-26 margin in the House.

JUNE PRIMARY DEADLINE

June 3, 2024, at noon is the deadline to file for the Kansas House or Senate. In the Senate, we are already looking at a 20% turnover, with eight announced retirements and the potential for several more. On the House side, nine members have already filed to run for the Senate. We will provide an update next month after the filing deadline.

VETO OVERRIDES UPDATE

Gov. Kelly vetoed 16 bills and used her pen to line-item veto more than 30 budget items. Two-thirds majorities (27 in the Senate and 84 in the House) in each chamber are required to override a veto. The Legislature was successful in overriding many of the vetoes. Among the sustained vetoes were the tax cuts and SB 233 on gender-affirming care for minors. Many of the budget line-item vetoes in SB 28 were overridden while others were incorporated into the Omnibus budget bill. Below are some examples of the line-item vetoes:

SB 28 National Guard troops: The Senate voted 28-12 to override the governor's veto of a portion of the budget that allocates nearly \$16 million to send National Guard troops to the Texas border. The House voted 84-41 to override the veto. The House floor debate clarified the executive branch had the authority to deploy the National Guard.

SB 28 Promoting childbirth (line item): The Senate voted 28-11 to override the governor's veto of \$2 million in the treasurer's budget for a program promoting childbirth instead of abortions for women facing unplanned pregnancies. The House voted 86-39 to override.

SB 28 University of Kansas Medical Center Residency funding/Board of Regents osteopathic service scholarship (line item): The budget bill provided a one-time \$2.2 million appropriation for an osteopathic service scholarship. It also provided \$750,000 for the KUMC Wichita residency program. The Senate overrode the veto on a vote of 97-28 in the House and 27-13 in the Senate.

Below we have provided examples of the more high-profile veto overrides:

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S Sub HB 2436 Abortion coercion: The House voted 85-40 to override the governor's veto of a bill that would create the crime of coercion to obtain an abortion. The Senate voted 28-10 to override.

HB 2749 Abortion reporting: The House voted 84-41 to override Gov. Kelly's veto of a bill establishing new reporting requirements about women seeking abortions. The Senate voted 27-10 to override the veto.

SB 473 Bail bonding: Established a minimum amount a person must pay a bail bonding company to be released from jail, regardless of the type or severity of their crime. The House voted 87-38 to override and the Senate voted 27-12 to override.

HB 2583 Police dogs: The House voted 105-20 to override the governor's veto of a bill increasing the penalties for injuring or killing a police dog. The Senate voted 29-10 for the override.

HB 2465 Pregnancy center tax credits: The House voted 85-40 to override the governor's veto of a bill extending \$10 million in tax credits for donations to pregnancy crisis centers. The Senate voted 29-7 to override.

HB 2648 Rules and regulations: The House voted 87-38 to override the governor's veto of a bill that would give lawmakers oversight of costly rules and regulations adopted by state agencies. The Senate voted 27-12.

HB 2098 Sales tax breaks: The House voted 99-20 to override the governor's veto of about \$35 million in sales tax breaks that would benefit veterans, telecommunications companies, Exploration Place in Wichita, and the Kansas Children's Discovery Center in Topeka. The Senate voted 37-0.

BILL TRACKING HISTORY

A history of the bills we are tracking as of May 2, 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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