



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | OCTOBER 4, 2021

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PROPERTY TAX CUTS

With Kansas revenue continuing to exceed projected estimates, tax cuts will again be on the 2022 legislative agenda. Numerous organizations are discussing options for next session. In September, Gov. Laura Kelly's Tax Reform Council subcommittee on property tax discussed potential cuts. They are recommending targeted property tax cuts on residential property to the Council, including expanding the Homestead Property Tax Relief program to households with income of up to \$75,000 from the current \$36,000. The subcommittee also proposed increasing the property valuation exemption from \$20,000 to \$40,000 for the statewide 20 mill property tax for public schools. Chris Courtwright, a retired staff member in the Legislative Research Department, proposed that local units of government be allowed to come up with their own local excise taxes. The proposal would allow local units of government to adopt relatively small taxes on cigarettes and liquor. The idea was included in the subcommittee's recommendations. The proposals may be considered at the Council's next meeting.

LCC APPOINTS NEW INTERIM COMMITTEE

On Sept. 27, 2021, the Legislative Coordinating Council had a brief meeting and created an 11-member Special Committee on Government Overreach and Impact of COVID-19 Mandates. The appointment of a special committee is in response to new Biden administration pandemic mandates and a petition circulated by some Kansas legislators to force Gov. Kelly to call a special session in October to address responding to the federal mandates. If the petition is signed and notarized by two-thirds of the House and Senate, a special session would be required. Legislators have until Oct. 8 to respond if they wish to sign the petition. Among the mandates to be discussed by the special committee are masking in schools and prohibiting non-vaccinated healthcare workers and other first responders from losing their jobs or being prevented from doing their jobs due to mandates. Senate President Ty Masterson argued that an interim committee would be more cost effective than a special session costing at least \$65,000 per day.

SEPTEMBER INTERIM ACTIVITY

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In September, the Unemployment Compensation Modernization and Improvement Council (“UCMIC”) was the most active committee with four days of meetings. The UCMIC wrangled over the information technology (“IT”) bidding process with the Kansas Department of Labor. Certain legislators are seeking to hear product demonstration from the IT vendors proposing to modernize the Kansas unemployment insurance system and the Department of Labor website. Last week, the Council heard two days of product demonstrations from the vendors. Questioning was limited to avoid disclosure of proprietary information.

The Joint Committee on Building Construction has delayed until October, addressing recommendations on the fate of the Docking State Office Building. Also deferred is the question of where to relocate a new Kansas Department of Health and Environment (“KDHE”) scientific laboratory.

The Bob Bethell Joint Committee on Home Based and Community Services and KanCare Oversight heard testimony from consumers and providers on a wide range of issues. The Joint Committee also heard updates from KDHE, KDADS, and the KanCare Ombudsman.

KANSAS ECONOMY

Gov. Laura Kelly announced that Kansas is one of the top 20 states in economic development activity. The determination is published by the National Area Development Magazine, as part of its Gold Shovel Award for the top business climate in the West North Central region. This is the first time Kansas has made the Top 20. The award is based upon consultant rankings of states based on costs, incentives, and training. Since 2019, Kansas has seen over six billion in new business dollars invested in Kansas and more than 28,000 jobs created.

Lt. Gov./Commerce Secretary David Toland said, “Kansas has set the standard for growth and recovery in the wake of COVID-19. We’ve applied our proven approach to attracting new businesses, and it’s led to one of the most successful capital investment streaks in Kansas history.”

The September Kansas revenue continues to exceed the consensus revenue estimates for fiscal year 2022 with total tax receipts of \$876.5 million. The tax collections are \$162.2 million, or 22.7% above the estimate. When compared to last September, tax revenue is up more than 20%. Kansas corporate income tax receipts were \$85.3 million, or 142% more than the estimate. This appears to be another sign of positive economic growth, at least in Kansas. When compared with September 2020 corporate income tax collections, it represents a 62% increase.

Kansas Legislative Insights is a publication developed by the Governmental Relations & 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 Relations & 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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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 government relations at the state and federal level.

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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

- Governmental Affairs & Public Policy Law