



## KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | JANUARY 19, 2024

### TAXING WEEK

During the last two weeks, we witnessed an unusual event: the House and Senate Tax Conference Committee meeting to start assembling the Republican tax package. Typically, conference committees do not meet until late in the session and veto session, waiting to see the latest revenue numbers. House Tax Committee Chair Representative Adam Smith remarked how unusual it felt to agree on any tax bill at the beginning of the session. Last Thursday, the Tax Conference Committee had an organizational meeting to review bills eligible to be considered and requested fiscal notes from staff to determine the cost. The urgency was fast-tracking the Republican response to Governor Laura Kelly's bipartisan tax bill, announced on Jan. 8. After two brief meetings on Tuesday, the Republican package was assembled and inserted into HB 2284. The conference committee agreement would:

- Replace individual income tax brackets with a single rate of 5.25%;
- Exempt Social Security income from the individual income tax;
- Provide for annual standard deduction increases by a cost-of-living adjustment;
- Provide for an increase to the personal exemption amount and future personal exemption amount increases by a cost-of-living adjustment;
- Reduce privilege tax rates;
- Accelerate the elimination of state sales and compensating use tax on food and food ingredients and the associated disposition of revenue changes; and
- Increase the amount of the appraised value of residential property exempt from the statewide uniform 20-mill school finance levy to \$100,000. The bill would be in effect upon publication in the Kansas Register.

Wednesday afternoon, the Senate debated the conference committee report with some senators expressing opposition to the flat tax. Senate President Ty Masterson pointed out that it included many tax cuts requested by the governor in the State of the State. The conference committee report passed 25-15. Conference committee

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reports are not amendable. Thursday, the House of Representatives passed the conference committee report 81-37. The tax package faces a likely veto by the governor over inclusion of the flat tax. At this juncture, it appears that the Senate will not have the necessary votes to override a veto.

## VOTING MACHINES AND MEDICAID EXPANSION

Wednesday, Secretary of State Scott Schwab invited voting machine manufacturers to exhibit at the Statehouse. Legislators were able to see demonstrations and ask questions of the companies. Vendors stressed that voting machines were not connected to the internet.

Wednesday, Gov. Kelly's Medicaid expansion proposal was introduced in both chambers of the legislature. The reception in the House Appropriations Committee was chilly. There was a vote on whether or not to even introduce the measure. It narrowly passed 9-8. There are now 40 states which have passed Medicaid expansion with the recent approval in North Carolina. Gov. Kelly has asked that the measures be heard in committee by the end of January.

## LEGISLATURE WELCOMES NEW MEMBERS

The 2024 Legislature gaveled in with two new House members after the resignations of Rep. Fred Patton, R-Topeka, and Rep. Brad Boyd, D-Olathe. House District 50 Republican precinct persons selected Kyle McNorton over two other candidates on the first ballot to replace Patton. McNorton is serving on the Seaman school board and is a former KU football player. House District 49 Democrat precinct persons selected Nikki McDonald, D-Olathe, to succeed Boyd. Both will serve the remainder of the current term and will need to run in the fall.

## OVERVIEW OF GOVERNOR'S BUDGET

Last Thursday morning, the Secretary of Administration/State Budget Director presented the 2025 Governor's Budget Recommendations to the joint session of the House Appropriations and Senate Ways & Means Committees. Kansas holds a \$2.4 billion surplus at the end of FY 2023 and \$1.6 billion in the state's "rainy-day" Budget Stabilization Fund. This surplus enables Gov. Kelly to propose a tax reduction plan and fund several important one-time expenditures, long delayed. The 2025 Governor's Budget proposes a 2.2% spending increase from last year's budget. "I'm a fiscal conservative, which is why, once again, I'm proposing a budget that's balanced, pays off debt, and includes tax cuts for working families and retirees," Kelly said.

The 2025 Governor's Budget covers several key areas:

1. **State Employee Wages:** The budget proposes state employee wage increases, emphasizing a minimum wage raise to \$15. This includes a 5% salary raise for most state employees and additional adjustments for 24/7 facility workers.
2. **Infrastructure Investment:** Earmarked for correctional facility reconstruction in Topeka, Hutchinson, and Salina to address infrastructure and safety concerns. Key investments include \$1.3 billion in one-time infrastructure projects, \$17.2 million for Kansas Highway Patrol's Salina academy upgrades, and \$377.6 million for a new Hutchinson Correctional Facility.
3. **Education:** Gov. Kelly's budget fully funds K-12 public schools for the sixth consecutive year. It sets a path to fully fund special education within five years and invests more than \$230 million in higher education for workforce development and cost reduction for students.

4. Rural Development: The budget emphasizes rural investments, particularly in water infrastructure and nursing workforce development, to strengthen rural communities. Regular budget items include Medicaid expansion and continued full funding of the Water Plan Fund. Despite these investments, tax reductions, and new spending, the budget still projects a \$1.4 billion ending balance and \$1.7 billion in the Budget Stabilization Fund. These recommendations will be considered by the House Appropriations and Senate Ways & Means committees.

More information on Governor Kelly's budget proposal is available [here](#).

## COMMITTEE BRIEFS

**House Energy:** Testifying before the House Utilities Committee, Panasonic executive Tina Jeffress updated members on their progress and confirmed the company's commitment to funding the direct on-site energy infrastructure for its new De Soto, Kansas, plant. Similarly, Evergy presented to the committee, highlighting the utility's effective handling of Winter Storm Heather and emphasizing the urgent need for more dispatchable energy generation, given the development gap between 2001 and 2010. Both presentations sparked bipartisan concerns among committee members about the extent to which users might have to shoulder the costs of transmission upgrades for electric delivery to Panasonic's facility and other potential economic development projects. In the same meeting, Evergy proposed a bill to revise the current cost recovery model for economic development initiatives.

**Senate Energy:** The Kansas Advanced Power Alliance provided a briefing for the Senate Utilities Committee on renewable energy in Kansas and trends relevant to Kansas policymakers. The committee learned Kansas is second in the nation for wind energy production. It also generates 47.4% of its electricity from clean energy, primarily through approximately 3,800 wind turbines across 45 Kansas farms.

**Judiciary:** Chief Justice Marla Luckert addressed a joint meeting of the House and Senate Judiciary Committees, updating the committees on the latest issues facing the judiciary and new innovations. Legislators asked for more information about the shortage of attorneys in rural communities. There was an executive session to discuss and address questions around the data breach.

**Transportation:** The Kansas Turnpike Authority is implementing a cashless tolling system on July 1, 2024. KTA CEO Steve Hewitt informed the Senate Transportation Committee that Kansas would be cutting rates to simplify implementation. Currently, 70% of drivers use K-TAG. There will be no toll booths under the new system.

## NEXT WEEK

Taxes will be high on the agenda next week. The Senate Assessment and Taxation Committee will be hearing nine House tax proposals. Next week, the House Tax Committee will hear two Senate tax measures. Monday, the committee will hear SB 53, excluding manufacturers' coupons from the sales or selling price for sales tax purposes. Tuesday, the committee will hear SB 40, permitting the carryforward of certain net operating losses for individuals for Kansas income tax purposes and excluding Social Security payments from household income and increasing the appraised value and household income thresholds for eligibility of seniors and disabled veterans related to increased property tax homestead claims. The House and Senate budget committees will be starting hearings for state agencies.

## BILL INTRODUCTIONS

## COURTS, LAWS, AND REGULATIONS

**SB 333: STATE USE LAW.** The bill, introduced by the Senate Committee on Federal and State Affairs, would eliminate the July 1, 2024, expiration or abolishment of the State Use Law Committee, which advises the director of administration on the purchase of products and services provided by the blind or disabled. The bill has been referred to the Committee on Commerce chaired by Sen. Renee Erickson.

**SB 335: TRAFFIC REGULATIONS.** The bill, introduced by the Senate Transportation Committee, relates to the unlawful passing of stationary authorized emergency vehicles and would increase penalties for certain violations, including creating and increasing the felony crime levels for injury of or causing the death of persons operating certain emergency vehicles. The bill has been referred to the Senate Transportation Committee chaired by Sen. Mike Peterson.

**SB 341: JUDICIARY.** This bill, introduced by the Senate Committee on Federal and State Affairs, concerns driver's licenses, and would authorize certain individuals with canceled, suspended, or revoked driver's licenses due to the person's failure to comply with certain traffic citations nevertheless to be eligible for restricted driving privileges. The persons with restricted driving privileges would be permitted to drive to and from dropping off or picking up children from childcare. The bill would also limit the driver's license reinstatement fee to \$100 in total rather than \$100 for each charge. The bill has been referred to the Senate Committee on Judiciary chaired by Sen. Kellie Warren.

**SB 345: COMMERCIAL FINANCING.** This bill, introduced by the Senate Committee on Federal and State Affairs, creates the Commercial Financial Disclosure Act and would require the disclosure of certain commercial financing product transaction information and would also provide for civil penalties ranging from \$500 per violation, not to exceed \$20,000 in the aggregate, and if a person has received notice of a prior violation from the attorney general, the civil penalty may range from \$1,000 per violation, not to exceed \$50,000 in the aggregate. This bill has been assigned to the Senate Committee on Financial Institutions and Insurance chaired by Sen. Jeff Longbine. This bill is scheduled for hearing on Tues., Jan. 23, at 9:30 a.m.

**SB 346: LAND USE/ZONING.** This bill, introduced by the Senate Committee on Federal and State Affairs, concerns municipal planning and zoning regulations, and would limit the ability of cities and counties to initiate rezoning amendments that impact specific property and are not general in nature. It also defines the terms "downzoning", "rezoning", and "upzoning". This bill would also eliminate certain provisions of the Act requiring notice of rezoning from a less restrictive to a more restrictive zoning classification. This bill has been assigned to the Senate Committee on Local Government chaired by Sen. Carolyn McGinn.

**HB 2493: WATER.** This bill, introduced by Rep. Timothy Johnson, (R) – Bashor, concerns water and relates to rural water districts and requires such districts to award certain contracts in excess of \$25,000 for the construction, installation, or replacement of district facilities through the letting process. The bill has been referred to the House Committee on Water chaired by Rep. Jim Minnix.

**HB 2494: EDUCATION.** This bill, introduced by the House Committee on Education, concerns school security and emergency response policies and would establish requirements for school districts to develop school safety and security plans. This bill also creates the School Safety and Security Grant Fund and the School Cardiac Emergency Response Grant Fund. The bill has been referred to the House Committee on Education chaired by Rep. Adam Thomas. This bill was heard by the Committee on Wed., Jan. 17, at 1:30 p.m.

**HB 2496: ELECTIONS.** This bill, introduced by Rep. Vic. Miller (D) – Topeka, and others, concerns the election of the U.S. president, and would cause the state to enact the Interstate Compact Agreement among the states to elect the president by national popular vote. This bill has been referred to the House Committee on Elections chaired by Rep. Pat Proctor.

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**HB 2497: CRIME, PUNISHMENT AND CRIMINAL PROCEDURE.** This bill introduced by Rep. Vic. Miller (D) – Topeka, and others, concerns criminal procedures and would specifically remove the power of district magistrate judges to issue search warrants. This bill has been referred to the House Committee on Judiciary chaired by Rep. Susan Humphries.

**HB 2503: TRAFFIC REGULATIONS.** This bill, introduced by the House Committee on Transportation, relates to the duty of drivers approaching certain stationary vehicles displaying, among other things, hazardous warning lamps, road flares, or caution signals, and would require drivers approaching such vehicles to take certain actions. The failure to do so could result in certain fines and penalties. This bill has been assigned to the House Committee on Transportation chaired by Rep. Shannon Francis.

**HB 2504: ELECTIONS.** This bill, introduced by the House Committee on Elections, concerns election audits and would require that all paper ballots be reviewed for the purposes of complying with K.S.A. 2023 Supp. 25-3009's audit requirement. This bill has been assigned to the House Committee on Elections chaired by Rep. Pat Proctor. This bill is scheduled to be heard in Committee on Tues., Jan. 23, at 3:30 p.m.

**HB 2505: TRANSPORTATION.** This bill, introduced by Rep. Brett Fairchild (R) – St. John, creates the Vehicle Dealers and Manufacturing Licensing Act, which defines a dealer acquisition contract, and would permit vehicle dealers to sell vehicles on consignment when, among other things, the dealer possesses a consignment contract with the owner, the most recent registration for the vehicle, and a statement by the lien holder disclosing all unreleased liens, if any. This bill has been assigned to the House Committee on Transportation chaired by Rep. Shannon Francis.

**HB 2510: CIVIL LITIGATION.** This bill, introduced by the House Judiciary Committee, would allow a party to obtain discovery of the existence and content of third-party agreements under which any person, other than the attorney representing a party, has agreed to pay expenses directly related to prosecuting a claim, and has a contractual right to receive compensation that is contingent on and sourced from the proceeds of such litigation. This bill has been assigned to the House Committee on the Judiciary chaired by Rep. Susan Humphries.

**HB 2514: EDUCATION.** This bill, introduced by Rep. Kristey Williams (R) – Augusta, and others, concerns school district open enrollment policies. It would require school districts to give priority to students who reside in Kansas over students who do not reside in the state except under certain circumstances, and would provide for continued enrollment of students who attended a school district of nonresidence in school year 2023-2024 until such student graduates from high school if the student remains in good standing accordance with the Act. This bill has not been referred to a committee.

**HB 2525: ENVIRONMENTAL.** This bill, introduced by the House Committee on Agriculture and Natural Resources, concerns the Department of Health and Environment and the fees established for the regulation of wastewater treatment facilities, water wells, and underground injection control wells. It would require the secretary to establish fees for permitting, monitoring, testing, inspecting, and regulating underground injection control class I and class V wells.

**HCR 5020: CONSTITUTIONAL AMENDMENT.** This resolution, introduced by Rep. Blake Carpenter (R) – Derby, and others, would amend section 4 of the Kansas Bill of Rights to recognize the right to bear arms as a fundamental right subject to the strict scrutiny standard, and that such right includes the right to possess and use ammunition, firearm accessories, and firearm components. This resolution has been referred to the House Committee on Federal and State Affairs chaired by Rep. Will Carpenter. This resolution is scheduled for hearing on Tues., Jan. 23, at 9:00 a.m.

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**HB 2508: TAXATION.** This bill, introduced by Rep. Vic Miller (D) – Topeka, and others, concerns the local ad valorem tax reduction fund and would authorize a transfer of state general fund money to such fund in fiscal year 2025 and the fiscal years thereafter, and would require all moneys received from such fund by a political subdivision be credited to residential taxpayers in the form of a tax rebate. This bill has been assigned to the House Committee on Taxation chaired by Rep. Adam Smith.

**HB 2520: TAXATION.** This bill, introduced by Rep. Vic Miller (D) – Topeka, and others, concerns property taxation, and would exempt property used for residential purposes valued up to \$100,000 (an increase from \$40,000) from property tax levied pursuant to K.S.A. 72-5142. This bill has not been referred to a committee.

## HEALTHCARE AND INSURANCE

**SB 336: HEALTH AND ENVIRONMENT.** This bill, introduced by the Senate Committee on Agriculture and Natural Resources, relates to the management of underground storage tanks and would remove the requirement for operators to obtain annual permits. 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 Senate Committee on Agriculture and Natural Resources chaired by Sen. Virgil Peck.

**SB 338: INSURANCE/WORKERS COMPENSATION.** This bill, introduced by the Senate Committee on Financial Institutions and Insurance, relates to group-funded liability and group-funded workers compensation pools and would change certain coverage and notification requirements. The bill has been referred to the Committee on Financial Institutions and Insurance chaired by Sen. Jeff Longbine. This bill is scheduled for hearing on Tues., Jan. 23, at 9:30 a.m.

**SB 339: INSURANCE.** This bill, introduced by the Senate Committee on Financial Institutions and Insurance, relates to risk-based capital requirements and would update the version of risk-based capital instructions promulgated by the National Association of Insurance Commissioners (from Dec. 31, 2022, to Dec. 31, 2023) that are in effect. The bill has been referred to the Senate Committee on Financial Institutions and Insurance chaired by Sen. Jeff Longbine. This bill is scheduled for hearing on Tues., Jan. 23 at 9:30 a.m.

**SB 352: HEALTHCARE.** This bill, introduced by the Senate Public Health and Welfare Committee, enacts the John D. Springer Patient's Bill of Rights, which would require hospitals to allow in-person visitation under certain circumstances including from a person holding a durable power of attorney, an immediate family member, a domestic partner, or a significant other. This bill has been referred to the Senate Committee on Public Health and Welfare chaired by Sen Beverly Gossage.

**SB 354: INSURANCE.** This bill, introduced by the Senate Public Health and Welfare Committee, amends the Healthcare Provider Insurance Availability Act and would designate certain facilities where elective abortions are performed as being ineligible to purchase professional liability insurance from the Healthcare Stabilization Fund and would require, as a condition of licensure, such facilities to maintain continuous professional liability coverage equivalent to that provided by the Healthcare Stabilization Fund. This bill has been referred to the Senate Committee on Public Health and Welfare chaired by Sen Beverly Gossage.

**SB 355: INSURANCE.** This bill, introduced by the Senate Committee on Ways and Means, concerns health insurance coverage and would expand medical assistance eligibility, would enact the Cutting Healthcare Cost for All Kansans Act, and would direct the Department of Health and Environment to study certain Medicaid expansion topics. This bill has not been referred to a committee.

**HB 2492: ABORTION.** This bill, introduced by Rep. Michael Murphy (R) – Sylvia, and others, concerns abortion and makes it unlawful for any person to knowingly perform or induce or attempt to induce an abortion except when

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necessary to preserve the life of a pregnant woman in a medical emergency. The bill would also make it unlawful to manufacture, distribute, prescribe, dispense, sell, or give certain abortifacient drugs for the purpose of inducing an abortion. Violations of the act would be enforced through private causes of action. The bill has been referred to the House Committee on Health and Human Services chaired by Rep. Brenda Landwehr.

**HB 2515: HEALTHCARE.** This bill, introduced by the House Committee on Federal and State Affairs, would amend the Born-Alive Infants Protection Act and create a civil cause of action against any healthcare provider who injures a child during an attempted abortion. This bill has not been referred to a committee.

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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](mailto:cewatson@foulston.com). Learn more about the authors below:

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