

NEWSLETTERS



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | MARCH 15, 2024

TAX CUTS AND SPENDING

This week's full agenda included topics such as the Senate budget bill, commercial industrial hemp, concealed carry, foreign land ownership, gender-affirming care, funding for the World Cup, legislative pay, and tax relief. Week 10 witnessed major movement on the budget and tax fronts. Wednesday, the Senate had a lengthy six-hour floor debate on SB 514, the Senate budget bill. During the debate, numerous amendments were considered. The Senate budget provides a 5% pay raise for state employees, funds \$15.7 million to send the Kansas National Guard to the Texas border, increases Medicaid funding for hospitals and physicians, allocates \$28 million for the World Cup preparations, and numerous other provisions. PAYGO rules were in effect for the debate, which means any increases must be offset by cuts elsewhere in the budget. Cutting World Cup funding was a frequent target to fund other amendments. An amendment offered to increase legislative pay by a more modest amount to save money was rejected.

There is no funding for special education in the Senate and House budgets at this time. Both tax committees delayed consideration until the Omnibus bill in the veto session. The \$200 million funding special education recommended by Gov. Laura Kelly was removed from the budget. Thursday, SB 514 passed 24-16 with a \$25 billion dollar price tag. After the House debates and approves its budget next week, we will be able to highlight the key differences between the two chambers. The differences will be the focus of a conference committee.

Thursday afternoon saw nearly seven hours of debate on 10 tax measures with adjournment after 10 p.m. The latest Republican tax plan is SB 539. The new bill still contains a flat tax. The new bill reduces the three tax rates down to 5.7%, gradually decreasing by a half percent annually, exempts Social Security, increases personal exemptions, increases the standard deduction, and increases the property tax exemption for the 20-mill school tax to \$100,000 from \$42,000. Sen. Tim Shallenberger (former Speaker of the House), provided an interesting comment during the debate reminding the body that it seems to be futile to send the Governor another flat tax bill expecting a different outcome. However, he was quick to follow up that he was supportive of this bill and its direction in spite of his concern. Senate Minority Leader Sen. Dinah Sykes offered a compromise plan without a flat tax, and the amendment failed 14-26. On final action, SB 539 passed 29-11. Later, Sen. David Haley, who voted for

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the bill, claimed he was misheard. Sen. John Doll voted for it, but would sustain a governor's veto. After floor amendments, the tax cuts totaled \$1.7 billion.

Other tax bills approved included SB 498, providing tax credits for contributions to pregnancy centers or residential maternity facilities. The facilities also received a sales tax exemption for purchases. Sub HB 2036 provides a sales tax exemption for certain purchases by disabled veterans with 50% or more disability rating. Sub SB 60 was amended to include a four-day back-to-school holiday for sales tax. Another amendment added feminine products and diapers.

HOUSE FLOOR ACTION

Tuesday, the House debated H Sub SB 233, enacting the Forbidding Abusive Child Transitions Act. It bans healthcare professionals from administering surgical interventions or puberty blockers as treatments for minors experiencing gender dysphoria. It would also ban state employees from promoting or assisting with social transitioning. Among the provisions is restricting use of state funds to promote gender transitioning and the use of professional liability insurance from covering damages for health care providers providing these services. This Act requires professional discipline against providers performing such treatments. While emotional, the lengthy floor debate was civil. The bill passed 80-40 with five members absent. Shawnee City Council member Angela Stiens has been selected to replace Rep. Owen Donohoe. She will be a "yes" vote, according to press reports. If vetoed, it will be a close override vote.

Wednesday, the House debated authorizing teaching licenses for individuals who complete an alternative teacher certification program. It passed on final action.

TAX RELIEF WEEK

Both the Senate and House taxation committees were active in debating and approving taxation measures. The latest Republican tax reduction package was SB 539, heard on Tuesday in the Senate Assessment and Taxation Committee and passed on Thursday evening.

Monday, the House Taxation Committee approved HB 2685, providing a sales tax exemption for registered charitable organizations. The intent is to level the field for large and small charities. This also prevents the flood of sales tax exemption bills from individual charities. The committee also approved HB 2219, allowing an itemized deduction for certain wagering losses for individual income tax purposes. Current Kansas law taxes wagering winnings but does not allow deducting losses. The House Tax Committee also discussed HB 2757, enacting the Adoption Savings Accounts with certain financial institutions that allow individuals to establish Adoption Savings Accounts.

Monday, the Senate Assessment and Taxation Committee approved Substitute HB 2036, related to sales taxation for disabled veterans. It applied to disabled veterans purchasing up to \$24,000 in taxable sales. The bill excludes autos, alcohol, and tobacco purchases. As amended, it defines disabled veterans who have a 50% disability or greater. It passed the Senate on Thursday.

The Senate Tax Committee also approved HB 2254, which now as amended removes sales tax for Over the Counter (OTC) drugs. These would include OTC pain relievers and any FDA-regulated medications with a required panel showing the ingredients of the OTC drug. The fiscal note is \$24 million.

PRESIDENTIAL PREFERENCE PRIMARY TUESDAY

March 19 marks the third time that Kansas has conducted a state sponsored Presidential Preference Primary. Previous primaries were conducted in 1980 and 1992. With President Biden and former President Trump already clinching their party's nominations, it will be interesting to see the voter turnout. Eight candidates paid the

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\$10,000 filing fee by the February deadline.

The Democrat-filed candidates are:

Dean Phillips
Jason Michael Palmer
Joseph R. Biden, Jr.
Marianne Williamson

The Republican-filed candidates are:

Donald J. Trump
Nikki R. Haley
Ron DeSantis
Ryan L. Binkley

NEXT WEEK

Tuesday, the House of Representatives will debate its budget bill. On March 20, the House and Senate Health Committees will have hearings on Medicaid expansion. Committees will be finishing their deliberations on non-exempt bills from the other chamber. March 28 is the drop-dead date for non-exempt bills to pass in the second chamber.

BILL INTRODUCTIONS

COURTS, LAWS, AND REGULATIONS

SB 543: EDUCATION/DEI. This bill, introduced by the Senate Committee on Ways and Means, relates to diversity, equity, and inclusion, and would prohibit the endorsement of discriminatory ideologies, the usage of diversity, equity, and inclusion statements, and the provision of preferential consideration on the basis of such discriminatory ideologies and would create a cause of action and provide for penalties for violations thereof. Similar language was included as a substitute to HB 2460, which was introduced in 2023. This bill has been referred to the Senate Committee on Ways and Means chaired by Sen. Rick Billinger.

SB 548: FIREARMS. This bill, introduced by the Senate Committee on Federal and State Affairs, relates to the Personal and Family Protection Act and would require a concealed-carry license to lawfully carry a concealed handgun and would provide a permanent exemption for postsecondary educational institutions from the public buildings requirement. This bill has been referred to the Senate Committee on Federal and State Affairs chaired by Sen. Mike Thompson.

SB 549: FIREARMS. This bill, introduced by the Senate Committee on Federal and State Affairs, relates to the purchase and transfer of firearms, and would require criminal history record checks for such purchases and transfers and would provide for criminal penalties for violations of the provisions thereof. This bill has been referred to the Senate Committee on Federal and State Affairs chaired by Sen. Mike Thompson.

SB 550: FIREARMS. This bill, introduced by the Senate Committee on Federal and State Affairs, relates to the criminal possession or use of firearms and would prohibit persons under 21 years of age from purchasing and possessing semiautomatic rifles with high-capacity ammunition magazines. This bill has been referred to the Senate Committee on Federal and State Affairs chaired by Sen. Mike Thompson.

SB 551: FIREARMS. This bill, introduced by the Senate Committee on Federal and State Affairs, creates the crime of unlawful storage of a firearm and would provide for criminal penalties for violations thereof. This bill has been

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referred to the Senate Committee on Federal and State Affairs chaired by Sen. Mike Thompson.

HB 2820: INFRASTRUCTURE. This bill, introduced by the House Committee on Appropriations, relates to drone technology, and would prohibit the acquisition of critical components of drone technology from countries of concern as defined in the act and would require the divestiture of such technology. This bill has been referred to the House Committee on Commerce, Labor and Economic Development chaired by Representative Sean Tarwater.

HB 2821: ADMINISTRATIVE RULES AND REGULATIONS. This bill, introduced by the House Committee on Federal and State Affairs, creates the Regulatory Relief Division of the Office of the Attorney General and would establish the General Regulatory Sandbox program within the office and would authorize the Regulatory Relief Division to waive or suspend state statutes and rules and regulations for program participants. This bill mirrors SB 541. This bill has been referred to the House Committee on Commerce, Labor and Economic Development chaired by Rep. Sean Tarwater.

HB 2822: OPEN RECORDS ACT. This bill, introduced by the House Committee on Federal and State Affairs, would extend the limitations on fees charged for records by state agencies to include fees charged for records requested by political and taxing subdivisions. This bill has been referred to the House Committee on Federal and State Affairs chaired by Rep. Will Carpenter.

HB 2823: RESIDENTIAL LANDLORD TENANT ACT. This bill, introduced by the House Committee on Federal and State Affairs, creates an expedited process for eviction of persons not authorized to occupy the dwelling unit. This bill has been referred to the House Committee on Federal and State Affairs chaired by Rep. Will Carpenter.

HB 2838: ALCOHOLIC BEVERAGES. This bill, introduced by the House Committee on Federal and State Affairs, concerns both the Kansas Liquor Control Act and the Club and Drinking Establishment Act and relates to eligibility for licensure under the same. This bill would authorize the director to issue licenses to convicted felons when such conviction occurred more than 10 years prior to application for a license and a determination of sufficient rehabilitation has been made. This bill has been referred to the House Committee on Federal and State Affairs chaired by Rep. Will Carpenter.

TAXATION

SB 539: TAXATION. This bill, introduced by the Senate Committee on Assessment and Taxation, relates to income tax and would modify tax rates for individuals, would increase the standard deduction and personal exemption, and would increase the income limit to qualify for a subtraction modification for Social Security income. As it relates to the privilege tax, this bill would decrease the normal tax rate. As the bill relates to the property tax, this bill would increase the extent of exemption for residential property from the statewide school levy. As the bill relates to sales and compensating use tax, it would reduce the state rate of tax on sales of food and food ingredients, modifying the percent credited to the state highway fund from revenue collected. This bill has been referred to the Senate Committee on Assessment and Taxation chaired by Senator Caryn Tyson.

SB 545: TAXATION. This bill, introduced by the Senate Committee on Assessment and Taxation, relates to economic development, provides a sales tax exemption for the construction or remodeling of a qualified data center in Kansas and the purchase of data center equipment and eligible data center costs, electricity, and certain labor costs to qualified firms that make a minimum investment of at least \$600,000,000 and meet new Kansas jobs and other requirements. This bill was first referred to the Senate Committee on Assessment and Taxation chaired by Sen. Caryn Tyson, and now is referred to the Senate Committee on Commerce chaired by Sen. Renee Erickson. This bill will be heard on Wednesday, March 20.

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SB 546: TAXATION. This bill, introduced by the Senate Committee on Assessment and Taxation, relates to income taxation, and would decrease the corporate income tax rate and discontinue income, premium, and privileged tax credits of the high-performance incentive program. The bill would also repeal unused tax credits related to abandoned well-plugging, agritourism liability insurance, assistive technology contributions, declared disaster capital investment, environmental compliance, owners promoting employment across Kansas, and swine facility improvement. Finally, as this bill relates to withholding tax, the bill would discontinue benefits of the Promoting Employment Across Kansas Act. This bill has been referred to the Committee on Assessment and Taxation chaired by Sen. Caryn Tyson.

HB 2832: TAXATION. This bill, introduced by the House Committee on Taxation, relates to Kansas Housing Investor Tax Credit, and provides for the transferability of credits from the year that the credit was used. This bill was referred to the House Committee on Taxation chaired by Rep. Adam Smith.

HB 2836: TAXATION. This bill, introduced by the House Committee on Taxation, relates to the SALT Parity Act and would clarify the determination of taxable income of an electing pass-through entity and would provide for the passing through of tax credits for electing pass-through entity owners. This bill has been referred to the House Committee on Taxation chaired by Rep. Adam Smith.

HB 2837: TAXATION. This bill, introduced by the House Committee on Taxation, relates to income tax, and would modify the rates for individuals, would increase the Kansas personal exemption and would increase the income limit to qualify for a subtraction modification for Social Security income. This bill also relates to the privilege tax and decreases the normal tax rate. Further, this bill relates to property tax and increases the extent of exemption for residential property from the statewide school levy. Finally, this bill relates to sales and compensating use tax by reducing the state rate of tax on sales of food and food ingredients and by modifying the percent credited to the state highway fund from revenue collected. This bill is similar to SB 539. This bill has been referred to the House Committee on Taxation chaired by Rep. Adam Smith.

HCR 5025: TAXATION. This bill, introduced by the House Committee on Taxation, is a proposition to amend Section 1 of Article 11 of the Kansas Constitution, which relates to property taxation and would value residential real property based on the average fair market value of the prior 10 calendar years. This bill has been referred to the House Committee on Taxation chaired by Rep. Adam Smith.

HEALTHCARE AND INSURANCE

HB 2824: INSURANCE. This bill, introduced by the House Committee on Federal and State Affairs, relates to health insurance plans and would mandate coverage of pediatric acute-onset neuropsychiatric syndrome (PANS) and pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections (PANDAS). This bill has been referred to the House Committee on Insurance chaired by Rep. William Sutton. This bill will be heard on Wednesday, March 20.

HB 2825: HEALTHCARE. This bill, introduced by the House Committee on Appropriations, relates to hospitals; it would require that they provide online pricing information for certain items and services and would enact the Consumer Protection Related to Hospital Price Transparency Act, which would deem noncompliance with such Act to be an unfair or deceptive trade practice and provide for monetary penalties for hospitals found to be noncompliant with such Act. This bill has been referred to the House Committee on Insurance chaired by Rep. William Sutton. This bill will be heard on Monday, March 18.

BILL TRACKING HISTORY

A history of the bills we are tracking as of March 15, 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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