



HOUSING HIGHLIGHTS



2024 Legislature Week Thirteen

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Governor Kelly reported that total tax collections in March were \$760.4 million. That is \$7.0 million, or 0.9%, more than the monthly estimate. Total tax collections are up 0.3% from March 2023. Individual income tax collections were \$364.9 million. That is \$29.9 million, or 8.9%, more than the month's estimate and up 16.0% from March 2023. Corporate income tax collections were \$77.1 million. That is \$7.9 million, or 9.3%, less than the estimate and down 24.8% from March 2023. Combined retail sales and compensating use tax receipts were \$261.2 million, which is \$8.8 million, or 3.2%, less than the estimate. Those collections are \$14.2 million, or 5.1%, less than March 2023. The Consensus Revenue Estimating Group (CRE), comprised of the Department of Revenue, Division of Budget, Legislative Research Department, and economists from the University of Kansas, Kansas State University, and Wichita State University, will meet on April 19, 2024, to review the fall estimate and make any revisions it may consider necessary.

Late Friday, House and Senate leaders and tax conference committee members began work on a tax plan that could pass both chambers. The result was a new tax bill that was passed by the Senate 24-9 without a veto proof majority while the House passed the bill 119-0 as its last vote before adjournment at 2:34 AM Saturday morning.

Here is a brief description of the tax bill:

- Restructures individual income tax brackets and rates to provide for a two-bracket system. Two income tax tiers 5.15% for first \$23,000 in income for singles filers, and up to \$46,000 for married filers. And then 5.5% for income over those thresholds. *The current 3.1% bottom bracket is eliminated.*
- Exempts Social Security benefits from Kansas income tax.
- Increase the standard deduction and personal exemption amounts. A 3% increase in the standard deduction raising those numbers to: \$3,605 for single filers, \$8,240 for married joint filers, and \$6,180 for head of household filers. A significant increase to the personal exemption amount from \$2,250 to \$9,160 for individuals, \$4,500 to \$18,320 for married couples, and \$2,320 for dependents.
- Reduces the statewide school finance levy from 20 to 19.5 mills.
- The exemption on residential real estate value subject to state property tax is raised to \$100,000 in value.
- Accelerates the elimination of the state sales and compensating use tax rate on food and food ingredients to July of this year.
- The bill would abolish the Local Ad Valorem Tax Reduction Fund and County and City Revenue Sharing Fund and eliminate statutory transfers from the State General Fund (SGF) to these funds.

- Reduces the privilege tax rates paid by banks and trust companies.

The House and Senate took up their one constitutional requirement this week passing the state budget in SB 28. The \$25 Billion budget passed the House 78-44 and the Senate 26-12. The budget bill now goes to the Governor for consideration. Under the Constitution, the Governor has three options for acting on bills. The Governor may approve the bill by signing it; allow the bill to become law without the Governor's signature; or disapprove the bill by vetoing it, stating objections, and returning it to the house of origin. The Governor has ten days after the day the bill is received to sign or veto it. If no action is taken during the ten- day period, the bill becomes law without the Governor's signature. The Governor may veto individual items of appropriation bills.

Budget Highlights include:

- \$10.0 million SGF for small town infrastructure assistance grants to support technical assistance and drinking water and sewer system upgrades for towns with populations less than 1,000.
- \$4.0 million, all from federal ARPA funds, to provide small municipalities currently being served by a natural gas gathering field to design, construct, and install natural gas distribution lines that connect to a natural gas service provider.
- \$36.0 million SGF to continue the development of Maintenance, Repair, and Overhaul of airplanes at the airports in Salina (\$35.0 million with a \$1 for \$1 match) and Topeka (\$1.0 million).
- \$10.0 million, all from federal ARPA funds, for the 2026 World Cup games. The bill also includes language requiring the FIFA World Cup Kansas City committee to provide an accounting report of all expenditures with an economic and fiscal impact report.
- \$5.0 million, all from the State Highway Fund, for the Kansas Air Service Development Incentive program for grants to primary airports for FY 2025. The bill includes language directing the Department of Commerce to form a selection committee to evaluate such applications and limiting a single commercial service airport to be awarded no more than \$1.0 million.
- \$2.3 billion, all from special revenue funds, for highway and transportation expenditures for FY 2025.
- \$6.0 million for the Economic Development Program and language authorizing grants to local governments to upgrade county roads impacted by the new Hilmar Dairy facility in Southwest Kansas. This is financed by a transfer from the State Highway Fund.
- \$5.0 million, all from the Public Use General Aviation Airport Development Fund, to increase support for the Kansas Airport Improvement Program for grants to airports to maintain runways and facilities. This is financed by a transfer from the State Highway Fund.
- \$5.0 million, all from the Rail Service Revolving Fund, to support an intercity rail service, such as the Amtrak Heartland Flyer. This is financed by a transfer from the state Highway Fund. The bill includes language authorizing the agency to make grants and loans from the fund, subject to approval by the State Finance Council.
- \$3.4 million SGF for expenditures related to a security incident at the Judicial Branch, including \$1.0 million SGF to provide one year of credit monitoring services to individuals impacted.
- \$15.7M to send the Kansas National Guard to Texas to assist at the U.S. border.

Governor Kelly has signed bipartisan SB 360, which will allow Kansans with Learning Quest 529 program accounts, qualified ABLE savings accounts, and first-time home buyer accounts to align their state tax-deductible contribution deadline with the April 15th tax filing deadline. The bill affords those with disabilities, first-time home buyers, and those saving for college or other career training opportunities flexibility in deciding which tax year they want to apply contributions on their income tax return. It also assigns the state treasurer the authority to establish and choose members for an advisory

committee to make recommendations for the implementation and operation of the 529 program. Additionally, the Governor has recently signed 11 other bipartisan bills:

SB 331: Updates statutory definitions regarding water supply systems and hazardous waste.

SB 362: Extends the Sedgwick County Urban Area Nuisance Abatement Act.

SB381: Authorizes counties to appoint a district coroner at their own expense.

SB 433: Clarifies practice privileges of institutional license holders.

SB 491: Updates state fingerprinting statutes to comply with federal requirements.

HB 2590: Allows for continued state administration of the Pipeline Safety Program.

HB 2604: Increases the maximum dollar amount for a small claim to \$10,000.

HB 2605: Increases the maximum rate that can be paid to appointed counsel for an indigent person.

HB 2632: Adds a member from Kansas Chapter of Concerns of Police Survivors to the Law Enforcement Memorial Advisory Committee

HB 2661: Requires county commissioner district vacancies to be filled at the next general election and provides for staggered terms for newly elected commissioners.

HB 2783: Prohibits a state agency, city, or county from restricting the sale or use of motor vehicles based on their energy source.

Governor Kelly issued a statement on April 2nd that KMW Ltd, a Czech Republic-based global leader in precision manufacturing of agricultural front loaders, backhoes, and other attachments, will invest \$105 million to construct a new North American headquarters and state-of-the-art production facility in the city of Sterling in Rice County. The venture will create 251 new jobs, resulting in a local workforce of 485. KMW has two other Kansas plants, one in Great Bend and one in Lyons.

Governor Kelly declared a verbal state of disaster emergency proclamation due to increased fire weather conditions for southwest and southcentral Kansas. This declaration allows state resources to be provided if needed to assist the areas of concern that have high vegetation loads and have yet to experience greening up this spring. Bill Waln of the Kansas Forest Service has asked all Kansans to be vigilant in reporting any fires or smoke to local fire departments as soon as they are spotted. He added that prescribed burns should be diligently checked personally for no less than 72 hours to make sure they do not lose containment.

Kansas House and Senate have approved a 5% pay increase for all state government employees and a 93% pay increase for legislators in 2025. A bipartisan commission concluded last year that state lawmakers are underpaid, and that low pay is keeping younger, less wealthy, and people of color from running for office. The law creating the commission allowed the raise to take effect unless both chambers rejected it by early February, which they did not. The increase will boost the legislator's total compensation from \$30K to \$58K, including daily expense reimbursements while in session. The House speaker and Senate president will now receive more than \$85K, up from \$44K annually.

State Lawmakers have passed a bill to allow Kansas microbreweries to self-distribute beer and hard cider to licensed beer and wine distributors, retailers, public venues, clubs, drinking establishments, caterers, and temporary permit holders for special events. The Senate voted 37-2, and the House voted 118-3 to adopt the conference committee report before forwarding the proposal to the governor. The bill would limit the total annual sales to 1,000 barrels of beer and 3,000 gallons of hard cider, which would be monitored and regulated by the Department of Revenue's Division of Alcoholic Beverage Control.

Data from the U.S. Department of Transportation Federal Highway Administration's National Bridge Inventory that was released on February 1st indicates that of the 24,907 Kansas bridges, 1,305, or 5.2%, are classified as structurally deficient, meaning one of the key elements is in poor or worse condition, meeting only the minimum tolerable limits left in place. This statistic is up from 1,280 bridges classified as structurally deficient in 2019. The state will receive a total of \$225.0 million in bridge formula funds via the Federal Infrastructure Investment and Jobs Act. Currently, \$90 million of that total is readily available to help make the needed repairs in Kansas, of which \$4.5 million is already committed to repairing the over 3 million total square feet of bridge deck area that needs to be replaced. Additionally, The Kansas Department of Transportation's Off-System Bridge program will award \$20.5 million in Fiscal year 2025 for twenty bridge projects, while the Kansas Local Bridge Improvement Program has awarded \$21.8 million this year to fund fifteen bridge projects. In total, sixteen bridges will be replaced, and twelve will be permanently removed from local systems.

Federal Bureau of Investigations Director Christopher Wray was the keynote speaker at the University of Kansas Cybersecurity Conference on April 4th, 2024. His speech highlighted critical matters concerning cyber-attacks and how to prevent them on national, state, and local levels. Wray said cybercrime is more pervasive, hitting a more comprehensive array of victims and carrying more significant potential for damage because these criminals are using more sophisticated and innovative means to effect substantial business and economic disruptions across the country. The FBI's approach to curbing such attacks and charging those responsible is to use ever-evolving technology to go after the people, the infrastructure, and the money simultaneously. The FBI has also added a Model Cyber Squad to every FBI office in the country. These squads have about a dozen people identifying and taking down cyber threats nationwide. Many University of Kansas students are pursuing cybersecurity careers to make sure that our country has a workforce trained for law enforcement, qualified for the military, and trained to protect individuals and businesses.

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