



HOUSING HIGHLIGHTS



2024 Legislature Week Fourteen

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Veto Session - The 2024 legislative session convened in Topeka on Monday, January 8th and was adjourned sine die on April 30th (technically just after midnight on May 1). This session marked the end of the biennium, or two-year legislative cycle, and all bills and resolutions expired at the end of the session.

On April 5th the regular session for the year concluded and the Veto session or “wrap up session” got underway April 26th and lasted only a couple of days. Prior to legislators returning to Topeka, Governor Kelly signed 84 bills and vetoed 16, plus 24 line-items in the budget. The Legislature overrode the Governor on seven vetoed bills and three line-item vetoes were overridden and several others were renegotiated during omnibus budget discussions. Three pieces of legislation have been allowed to become law without her signature – harmful internet content requiring age verification, diversity, equity or inclusion penalties in higher education and divestment of state-managed funds in countries of concern.

2024 is also an election year for the House of Representatives and Senate. With the conclusion of the legislative session, it is now time for re-election activities for many members. Several members have already announced they are not seeking re-election to their current office or retiring. Republicans are expected to hold majorities in both chambers after fall elections.

With a projected \$3.5 billion budget surplus (resulting primarily from federal COVID dollars) and about \$1.6 billion in a rainy-day fund, lawmakers have targeted policy changes geared toward significant tax relief this year. However, getting to that elusive tax compromise has taken a long time. This was even until 12:00 AM on the final day when a final tax deal was struck and passed by both chambers.

The comprehensive tax bill restructures income tax rates, increases the personal exemption, eliminates state income taxes on Social Security, accelerates elimination of the sales tax on food to July of this year and increases the standard deduction. This is the sixth or seventh tax plan attempted this session. The Governor has already indicated she will veto the bill. A special legislative session will be called to address tax cuts for Kansans. The Governor seeks a sustainable plan that doesn't jeopardize future state revenues. Hall talk is for a special session announced in mid-May.

In the event of a special legislative session, there is the possibility of considering during the special session an effort to create STAR Bond incentives for a professional sports stadium. This is to lure the Chiefs or Royals to Kansas.

Governor Kelly signed SB28, the state's mega-budget, which allocates funding for Fiscal Years 2025, 2026, 2027, and 2028. Key highlights are:

- **Water Projects And Programs Critical Investments:** A \$35 million annual investment in water infrastructure, conservation, and quality programs across Kansas, plus an additional \$10 million specifically for drinking and wastewater infrastructure projects in communities of less than 1,000.
- **Strengthened Economic Development Opportunities:** The state will invest in community projects and industrial park projects statewide to improve the infrastructure needed to get products to market and provide funding for moderate-income housing for those who will make that happen.
- **Increased Funding For Post-Secondary Education:** The state will provide funding to workforce training programs and post-secondary education to prepare a workforce for well-paying, in-demand jobs with new and established Kansas businesses looking to develop or expand their operations by hiring highly skilled employees.
- **Investment In State Employees:** The state will provide pay raises to all its employees to make their wages more competitive to equivalent private sector work. This will be a step toward retaining experienced staff and shrinking the number of unfilled jobs by making them more desirable to potential applicants.

Also notable are the budget line-item vetoes enacted pursuant to Article 2 Section 14b of the state constitution:

- would have restricted how school districts sell property and how they may use funds from those sales.
- would have directed and funded sending the Kansas National Guard to Texas' southern border.
- would have established inconsistent rules for accessing the Build Kansas Program.
- would have established a precedent mandating the State Treasurer's Office to fund historical site contamination cleanup projects.
- would have funded a youth career services program that is already supported with a federal grant and would have established a non-competitive process for funding childcare options.
- would have allowed state universities to create their star bonds.
- would have directed air service support to commercial airports.
- would have funded the Mental Health Intervention Team pilot program without first codifying it as a statute.
- would have made changes to the Kansas Department of Aging and Disability targeted case management that impede the federal government's community support waivers.
- would have redefined a Medicaid rehabilitation code to change the types of supported providers.
- would have funded the purchase of an unrequested jet for Kansas State University.
- would have required the Board of Regents to fund an assortment of projects and scholarships for state schools that were never requested.

House Bill 2583, known as "Bane's Law," was inspired by a Sedgwick County police dog named Bane that was killed last year by a fleeing suspect the dog had chased into a sewer drain. Kelly vetoed the bill but was overridden 105-20 in the House and 29-10 in the Senate. The law increases penalties for inflicting harm on law enforcement animals, including horses. The felony crime is now punishable by a minimum of 90 days in jail and a minimum fine of \$10,000. During the incarceration period, the perpetrator also will have to go through a psychological evaluation and completion of an anger management program as a condition of probation, although this provision is already included in Kansas statute.

The bill was introduced by Speaker Dan Hawkins, R-Wichita, and Rep. Stephen Owens, R-Hesston, earlier in the session. Kansas statute previously required a minimum of 30 days in jail and a fine of more than \$500 and less than \$5,000 for the crime of severely harming or killing police dogs. The effort was spearheaded by the Kansas State Lodge Fraternal Order of Police and other law enforcement organizations.

The Kansas Senate effectively blocked efforts to debate legalizing medical marijuana and expanding Medicaid before they adjourned the 2024 legislative session. Despite advocacy and popular support, Kansas remains among only a dozen states with lawmakers who have repeatedly ignored their constituents' preferences on both of these healthcare agendas.

SB 438, to be known as the Kansas Blueprint for Literacy, has been signed into law by Governor Kelly. The program calls for the creation of six regional Centers for Excellence in Reading, which the Board of Regents and

state universities will collaborate to operate. These centers will provide assessment and diagnosis of reading difficulties, train in-service and pre-service educators using simulation labs, and support the professional learning of school-based instructional coaches with a priority on redesigning the instruction of reading to focus on evidence-based research, including phonemic awareness, phonetics, fluency, vocabulary, and comprehension. It also mandates the Kansas Board of Regents to form the Literacy Advisory Committee to include 15 voting and two non-voting members serving four-year terms and to hire a Director of Literacy Education to be charged with implementing and administering the Blueprint by monitoring the progress of literacy training, designating best practices for teachers, and ensuring institutions make progress on these initiatives.

Lieutenant Governor and Secretary of Commerce David Toland has announced federal approval of the state's Broadband Equity Access and Deployment Initial Proposal Volume 2, providing an investment of more than \$450 million to expand Kansas' high-speed internet infrastructure. This will afford Kansas an opportunity to provide underserved communities with the critical digital tools necessary for supporting social, health, and economic initiatives that drive local state markets alike. Eligible homes and businesses within the predetermined funding areas will be made public for 60 days before the application process opens. This transparency ensures that applicants have adequate time to become aware of opportunities and to prepare for the process. Pre-registration for BEAD applicants is set to begin Monday, May 13th. Project funding applications will be accepted in rounds to enable equitable distribution of funds, with the first 30-day application window opening on Monday, July 8th, for interested stakeholders to submit their proposals for consideration.

Secretary of Revenue Mark Burghart announced that total tax collections for April were \$1.42 billion. That is \$101 million, or 7.7%, more than the monthly estimate. Total tax collections are up 9.6% from April 2023. Individual income tax collections were \$740.3 million in April 2024, that is \$91.0 million, or 14.0%, more than the estimate and up 24.7% from April 2023. Corporate income tax collections were \$338.2 million last month, which is \$6.3 million, or 1.9%, more than estimates. It does, however, reflect a 4.5% drop in corporate income tax collections at this same time last year. Combined retail sales and compensating use tax receipts were \$295.1 million.

Kansas legislators failed to override Governor Kelly's veto of their last-minute package of broad tax cuts. HB 2036 included sales and property tax cuts worth about \$1.5 billion over the next three years. The Senate vote of 26-14 and the House vote of 104-15 did not fulfill the necessary two-thirds majority.

The Kansas Water Office has announced that the 13th annual Governor's Future of Water in Kansas Conference will be held November 13th-14th at the Hilton Garden Inn in Manhattan. This event will focus on water conservation, water management, technology, crop variables, and additional sources of supply while highlighting the implementation of the Kansas Water Plan and the latest policy and research developments. Professionals and researchers are invited to submit their abstracts for presentations at the event at kwo.ks.gov

Veto Session actions

House Substitute for SB 37 – New Comprehensive tax plan *CCR passed – 25-9, 108-11; Governor indicates a veto and special session will be called to address tax relief.*

- Restructure individual income tax brackets and rates to provide for a two-bracket system effective 202. Taxable income of \$0 to \$23,000 would be taxed at 5.2 percent, and taxable income of \$23,001 and above would be taxed at 5.57 percent.
- Exempt Social Security income from the individual income tax;
- Increase the standard deduction and personal exemption amounts;
- Reduce privilege tax rates;
- Abolish the Local Ad Valorem Tax Reduction Fund and County and City Revenue Sharing Fund;
- Increase the amount of the appraised value of residential property exempt from the statewide uniform school finance levy to \$100K and reduce the mill levy to 19.5; and

- Accelerate the elimination of the state sales and compensating use tax rate on food and food ingredients and the associated disposition of revenue changes to July 2024.

SB 73 – School district enrollment *Enacted*

Amends certain enrollment determination criteria in the Kansas School Equity and Enhancement Act to require school district enrollment be determined using the current or preceding school year. The bill would also authorize an additional enrollment count determination for school year 2024-2025 only, to allow school districts to consider the arithmetic mean of the sum of the number of students enrolled in the preceding school year and second-preceding school year.

House Substitute for SB 172 – Foreign land ownership *CCR passed – 24-14, 85-39*

Creates the Kansas Land and Military Installation Protection Act prohibiting foreign principals from countries of concern from acquiring any interest in non-residential real property located within 100 miles of the boundary of any military installation located in Kansas or an adjacent state. The Act would not apply to a de minimis interest in such real property; transactions approved by the Committee of Foreign Investment in the United States (CFIUS); and foreign principals who hold a national security agreement with CFIUS or the U.S. Department of Defense.

SB 232 - Child support at conception *CCR passed – 25-12, 82-38*

Requires the Supreme Court to adopt rules that consider the direct medical and pregnancy-related expenses for the mother of an unborn child and the unborn child. The bill would specify the maximum amount of ordered child support of an unborn child is not to exceed the direct medical and pregnancy-related expenses of the mother of the unborn child, excluding any costs related to an elective abortion.

SB 233 - Gender affirming care *Veto sustained – 27-13, 82-43; House failed to get required votes to override.*

Bans health care providers from treating a child's gender dysphoria with puberty blockers, hormone treatments and surgery.

House Substitute for SB 271 – Drones *Veto sustained – 21-16; Senate failed to get required votes to override.*

Prohibits government agencies from purchasing or acquiring drones whose critical components were produced in a country of concern, or whose critical components were produced or owned by a foreign principal. The bill also prohibits state agencies from entering into a contract or agreement to procure final or finished goods or services from certain foreign principal.

House Substitute for SB 291 - Cybersecurity *CCR passed – 27-9, 113-1*

Creates and amends law concerning the administration and organization of information technology and cybersecurity services within each branch of state government.

House Substitute for SB 387 – Education funding *Awaiting action by the Governor*

Allocates \$6.6 billion for public education and amends the law governing school district state aid and the local option budget to require school districts to transfer a portion of their local option budget fund to the district's special education fund. The amount would be proportionally equal to the amount of the school district's total foundation aid that is attributable to the special education weighting. The budget includes \$75 million for special education and a total of \$303 million in new money for schools.

SB 473 – Criminal Code changes *Veto overridden – 27-12, 87-38*

Amends the Kansas Code of Criminal Procedure to allow a notice to appear to serve as a valid complaint and would amend law related to appearance bonds made in district courts

HB 2096 - Property tax package *CCR passed - 23-11, 91-26; Governor's not receptive and concern over the cost of this bill overall.*

Enacts the Veterans' Valor Property Tax Relief Act, changes to the Homeowners' Property Tax Freeze Program, provides for property tax rebates for certain businesses subject to government competition, create a property tax

exemption for certain personal property, limit transactions that can be considered valid sales for property tax purposes, modify law related to property valuation notices and appeals, and increase the tax credit for household and dependent care expenses.

- Refundable income tax credit for taxpayers who are permanently and totally disabled or unemployable under federal disabled veteran's provisions for 75 percent of the property and ad valorem taxes paid.
- Homeowners' Property Tax Freeze Program creates a refund of the amount of tax in excess of the base year amount. Eligibility - Income is defined to be the Kansas Adjusted Gross Income, excluding any Social Security benefits, of all members of the household. the maximum amount of income for which taxpayers would be eligible for this refund option increased from \$50,000 to \$80,000. And increase the maximum appraised value of an eligible claimant's home in the base year from \$350,000 to \$500,000.
- Authorizes rebates of property taxes to certain businesses owning property, operating as child-care centers, health clubs, or restaurants, within a city or county when the property is operated as a business against which a facility owned or operated by the city or county and exempt from property taxes competes. Rebate amount would be the amount of property tax levied by the competing city or county (limited to cities and counties). "Competing against the business" would be defined to mean offering the same or substantially the same goods or services to the public and receiving any payment for the goods or services at least one-half the number of days per year of the tax year as the business seeking the rebate and the facility owned or operated by the city or county is located within the same city as or within 5 miles of the property owned and operated by the business. Such competition would not include the provision of goods and services without receiving payment, providing such services to its own employees, or restaurants used for educational purposes.
- Exempts the following personal property from all property or ad valorem taxes: Any snowmobile, all-terrain vehicle, recreational off-highway vehicle, golf cart, or motorcycle manufactured for off-road use only and used exclusively off roads and highways, that is not operated upon any highway; Any motorized bicycle, electric-assisted bicycle, electric-assisted scooter, electric personal assistive mobility device, and motorized wheelchair, as those terms are defined in law; Any trailer having a gross weight of 15,000 pounds or less that is used exclusively for personal use and not for the production of income; Any watercraft and one associated trailer.
- Prohibits the sale price at which a property sells in an Internal Revenue Code Section 1031 exchange (1031 exchange) from being considered an indicator of fair market value or used in arriving at fair market value for property tax purposes. (build to suit and leaseback provisions removed)
- Requires annual property valuation notices provided by county appraisers to include a valuation history of the parcel showing, at a minimum, a statement or display of the total appraised values for the parcel for the current year and the previous four years.
- Creates exceptions to the provision prohibiting a taxpayer from appealing the valuation of their property using the payment-under-protest appeal procedure if they have already appealed their valuation pursuant to the equalization appeal and informal meeting procedures for situations where the taxpayer withdrew the initial appeal or the taxpayer wishes to present new evidence relating to the valuation or assessment of the property.
- The bill would increase the tax credit for household and dependent care expenses from 25 percent to 100 percent of the federally allowed amount.

HB 2097 – Film tax credit package

CCR passed – 102-22, 32-5

Enacts the Kansas Film and Digital Media Production Development Act creating a nonrefundable income tax credits and a sales tax exemption for qualifying film production activities to incentivize and promote the growth of film and digital media production and industry in Kansas.

The bill also creates sales tax exemptions for certain not-for-profit theaters and the Friends of Cedar Crest Association; and creates income tax credits related to the employment of Kansas residents who are members in good standing of the Kansas Army or Air National Guard.

HB 2098 - Sales tax package *Veto overridden - 99-20, 37-0*****

Creates a sales tax deduction for certain motor vehicle transactions, provides for manufacturer's coupons to be excluded from sales price for sales tax purposes, and creates several sales tax exemptions.

HB 2446 – Plastic containers *Veto sustained - No veto override attempted*

Prohibiting cities and counties from regulating plastic and other containers designed for the consumption, transportation or protection of merchandise, food or beverages.

HB 2465 – Adoption credit package *Veto overridden – 85-40, 29-6*

Enacts the Adoption Savings Account Act, establishes modifications to the Kansas adjusted gross income of an individual for contributions to an adoption savings account, and amends the adoption tax credit; and enacts the Pregnancy Resource Act providing a tax credit for certain contributions to certain pregnancy resource centers and residential maternity facilities, and enacts a sales tax exemption for pregnancy resource centers and residential maternity facilities.

HB 2551 - Omnibus budget *Awaiting action by the Governor*

- Governor’s Budget Amendment to hold STAR Bond districts harmless from the elimination of the state sales tax rate on food and food ingredients on July 1, 2024, for FY 2025. *Not adopted*
- Amends the Build Kansas Matching Grant program to allow a community to request funding for water, transportation, energy, cybersecurity, or broadband infrastructure projects that are also eligible for federal funding requiring a match. *Adopted*
- Add \$26.5 million from SGF to construct the Sedgwick County regional psychiatric hospital with a footprint that would allow for expansion to 104 beds. *Adopted*
- Added \$5 million, all from the SHF, for the Kansas Air Service Development Incentive initiative to make grants to commercial airports for new air routes for FY 2025. The bill also includes language directing the Department of Transportation to form a selection committee, ensure no more than \$1.0 million is awarded to a single airport, and consider match requirements. *Adopted*

HB 2614 – Advanced voting *Veto sustained - No veto override attempted*

Amends provisions of election law and the Campaign Finance Act concerning advance voting ballot envelopes authentication, recording the delivery of advance voting ballots, and corrupt political advertising.

HB 2618 - Federal election money *Veto sustained – 84-41, 26-11; Senate failed to get required votes to override.*

Bars any government agency from accepting or spending federal money for “election-related” activities unless approved by Congress or the Legislature.

HB 2648 - Rules and regulations *Veto overridden – 87-37, 27-12*

Provides lawmakers oversight over rules and regulations adopted by state agencies cleared the Legislature. It requires the Legislature to ratify rules if the anticipated compliance costs passed on to businesses, local governments or individuals exceed \$1 million for the first five years of implementation.

HB 2749 – Abortion reporting *Veto overridden – 84-41, 27-10*

Requiring medical care facilities and providers to report the reasons for each abortion to the Secretary to Health and Environment.

Other Items Considered in 2024

SB 96 - Early childhood office *Did not advance*

Updates law regulating child-care centers, increases child/provider ratios and child-care homes and would establish the Kansas Office of Early Childhood within the Department of Commerce.

SB 142 - Cell phones for young drivers *Did not advance*

Bars anyone under 18 from using a handheld mobile phone while driving also would ban drivers of all ages from using handheld mobile phones while going through construction zones when workers are present and through a school zone at designated hours of the day.

SB 384 - Ambulance attendants Enacted

Authorizes the EMS Board to grant a permanent variance from requiring an ambulance to operate with more than one person that is a paramedic, EMT or other healthcare provider when: providing an interfacility transfer in a county with population of 30,000 or less; and the driver of the ambulance is CPR-certified.

SB 455 Solar siting Enacted.

Prohibits public utilities from exercising eminent domain for the purpose of siting or placement of solar facilities.

SB 548 - Civil asset forfeiture Enacted.

Overhaul of the state civil forfeiture laws.

HB 2487 - Good Samaritan law Did not advance

Provides immunity to people who seek medical help for someone experiencing a drug overdose. The immunity would only apply to simple possession of the drug or certain drug paraphernalia. The Kansas House unanimously passed the bill, which is now the subject of conference committee negotiations.

HB 2498 - Airport funding Enacted.

Increases grant funding for public airports to \$15 million a year.

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