



HOUSING HIGHLIGHTS



2025 Legislature Week Ten

March 21, 2025

Volume 11 Issue 9

ABOLISHING PROPERTY TAXES PROPOSED

Representative Blake Carpenter has proposed House Concurrent Resolution 5014, a plan to eliminate Kansas's property taxes within eight years without cutting state services. His proposal would establish a "Freedom From Taxes Fund" fueled by the elimination of sales tax exemptions, which currently total \$9 billion annually. A newly created Kansas Citizens Freedom Review Board would have the power to remove these exemptions, generating an estimated \$2 billion per year for the fund. Carpenter projects that with a 7.5% rate of return, the fund would grow large enough to generate sufficient interest to replace the \$900 million collected through mill levies, effectively ending property taxes. He further envisions that the fund could eventually offset income taxes as well. This constitutional amendment, slated for the 2026 ballot, aims to reshape Kansas's economic landscape, attracting residents and businesses by creating a state where financial freedom is a reality. While lawmakers have shown interest, they also raised concerns about potential population influx and the long-term viability of the fund. Carpenter emphasized the potential for Kansas to become a highly attractive state for residents and retirees.

AFFORDABLE HOUSING TAX CREDITS STILL IN PLAY

The Senate Commerce on Committee has advanced an amended version of HB 2119 to the Senate floor, incorporating several key changes to the House's original proposal to eliminate the Kansas Affordable Housing Tax Credits (KAHTC) program. Aiming to address the state's ongoing need for affordable housing, the Senate's compromise bill is designed to retain the tax credit program but reduce the long-term financial impact on the state by limiting the total amount of Kansas tax credits available annually for allocation to the federal Low-Income Housing Tax Credit (LIHTC) program's state housing credit ceiling for 9% credits. Additionally, the amended bill proposes discontinuing the use of Kansas credits to match federal credits for qualified developments that receive a 4% federal low-income housing credit after the 2025 Qualified Allocation Plan (QAP). The amendment also clarifies that developments awarded credits under the KAHTC Act based on the 2025 QAP, or any earlier QAPs, will continue to receive credits for the full authorized credit period, including any applicable carryforward periods. The House version has faced strong opposition from local governments, housing advocates, and developers, who warn it will exacerbate the housing shortage, hinder economic growth, and increase property taxes. The bill will be studied by a joint conference committee next week to arrive at an agreeable legislative solution.

BILL ALTERING POLITICAL VACANCIES PROCESS PASSED

The Kansas Legislature passed SB 105, shifting the power to fill U.S. Senate, state treasurer, and insurance commissioner vacancies from the Governor to a 12-member legislative committee. This move, driven by potential vacancies from current Republican officeholders, creates a system where the legislature holds significant control over appointments. The bill mandates a committee would nominate three candidates,

requiring them to be from the same party as the previous office holder and Kansas residents for at least six years. The full legislature would then vote on the nominees, with a provision for gubernatorial appointment if the legislature fails to act promptly. Democrats criticized the bill as a "legislative power grab," while Republicans emphasized the need for legislative input in these appointments. The bill now heads to Governor Kelly's desk, with veto-proof majorities in both legislative chambers.

BUDGET SENT BACK TO HOUSE FROM SENATE

The Kansas Senate passed a modified \$25 billion state budget, sending it back to the House for reconciliation. The Senate's version, approved largely along party lines, includes \$3 million in tax credits and specific project earmarks, while also incorporating Republican-backed cost-cutting measures such as eliminating continuous Medicaid eligibility for parents, mandating state employee return to office, and incentivizing agencies to abandon DEI programs. Despite these cuts, some Republicans, like Sen. Erickson, argued they didn't go far enough in addressing the state's spending problem. Democratic attempts to increase special education funding, including linking it to Medicaid expansion, were defeated. The budget process has largely sidelined Governor Kelly's proposals, which included Medicaid expansion and full special education funding, highlighting the partisan divide in the legislature. The House and Senate now face the task of reaching a consensus on the final budget before it can be enacted.

ELECTION ALTERING BILLS SENT TO GOVERNOR

Legislators have advanced three election-related bills to Governor Kelly's desk, signaling a push to reshape the state's electoral process. Senate President Ty Masterson praised the bills, which ban ranked-choice voting, restrict election funding, and narrow the window for advance ballot returns, as "common-sense steps" to ensure election security. The legislation, passed with veto-proof majorities, faces potential opposition from Governor Kelly. SB 5 prohibits election officials from accepting non-legislatively authorized funds for election expenses, particularly voter registration and assistance, while SB 6 explicitly bans ranked-choice voting in all Kansas elections. SB 4 shortens the advance ballot return window, potentially disqualifying thousands of ballots. Critics argue these changes, combined with other proposed measures regarding Supreme Court justice selection and campaign finance, could disenfranchise voters and concentrate power. Advocates defended the campaign finance bill as an effort to limit PAC influence.

HILMAR'S OPENS NEW PRODUCTION FACILITY IN DODGE CITY

Governor Kelly, alongside federal, state, and local officials, celebrated the grand opening of Hilmar Cheese Company's new \$600 million production facility in Dodge City this past Saturday. The facility, which employs nearly 250 people, signifies a major economic boost for Kansas, highlighting the state's skilled workforce, robust agricultural sector, and excellent infrastructure. Governor Kelly emphasized that Hilmar's investment sends a powerful message to global industry leaders about Kansas's competitive business environment. Hilmar's President and CEO, David Ahlem, praised the collaborative support from Kansas leaders and cited the region's strong labor pool and transportation network as key factors in their decision. The state-of-the-art facility incorporates advanced sustainability measures, including water recycling and energy-efficient systems, aligning with Hilmar's commitment to achieving a carbon-neutral dairy industry by 2050.

KANSAS HEALTH AND ENVIRONMENT LABORATORIES

Kansas has unveiled a new, multi-million dollar "state-of-the-art" water testing laboratory, the Kansas Health and Environment Laboratories, funded by federal American Rescue Plan Act dollars. Located in the Capitol Complex in Topeka, the facility, opened by Governor Kelly and KDHE Secretary Stanek, houses advanced clinical and environmental equipment. The KHEL will enhance the state's ability to monitor and address public health challenges through specialized laboratories focusing on newborn screening, virology, molecular diagnostics, clinical microbiology, organic and inorganic chemistry, radiochemistry, and toxicology, ultimately improving statewide health outcomes and response capabilities.

KDHE RESTRICTIONS BILL

The Kansas House passed a bill, already approved by the Senate, that restricts the ability of local health departments and officers to prohibit public gatherings during infectious disease outbreaks. The bill, amended in the House, now requires the state health secretary to establish "probable cause" before issuing health orders, and allows individuals to challenge those orders in court. Supporters argue the bill strengthens constitutional protections and due process, while ensuring health departments can still act in emergencies. Opponents questioned the limitation of local elected boards' authority. The legislation reflects ongoing debates about government power and individual liberties in the wake of the COVID-19 pandemic, and the bill will return to the Senate for further consideration.

MORE K-12 CLASS TIME URGED

Kansas Education Commissioner Randy Watson is pushing for significant changes to address learning loss, advocating for districts to cancel breaks, extend the school year, and implement half-day summer school programs for struggling students. This comes as Kansas schools have seen a decrease in instructional days over the past decade, with many now falling below the state's minimum requirements. Watson argues that making up for lost time, particularly due to inclement weather, is crucial and suggests utilizing existing funding streams to support summer programs. While stopping short of advocating for year-round schooling, he emphasizes the need for a cultural shift towards prioritizing academics, drawing parallels to the commitment seen in extracurricular activities like sports and band. Despite past challenges with summer school attendance, Watson believes targeted interventions and increased instructional time can yield substantial improvements in student outcomes.

PROPERTY TAX REBATE

The Kansas Senate unanimously passed a bill expanding property tax rebates for seniors and disabled veterans. The bill increases the income eligibility threshold from \$50,000 to \$80,000, raises the eligible home value from \$350,000 to \$450,000, and exempts Social Security from income calculations. Advocates highlighted the bill's role in making Kansas more affordable for vulnerable populations, while also addressing regional disparities in home values. The bill, which now returns to the House for potential concurrence, is projected to significantly increase the number of eligible households and provide substantial property tax relief.

POLK-QUINCY VIADUCT PROJECT CEREMONIAL GROUNDBREAKING

Governor Kelly, alongside KDOT Secretary Calvin Reed and local leaders, ceremonially broke ground on the \$239 million I-70 Polk-Quincy Viaduct project in Topeka. This initiative, part of the Eisenhower Legacy Transportation Program (IKE), aims to modernize a 2.5-mile stretch of I-70, replacing the 60-year-old viaduct to enhance safety, reduce congestion, and improve connectivity. Governor Kelly emphasized the project's focus on long-term solutions that will benefit Kansans and drive economic growth in Topeka and beyond. KDOT Secretary Reed highlighted the project's significance for the state and the thousands of daily commuters, noting that the collaboration between KDOT and its partners will deliver a vital corridor for future generations. The construction, awarded to Bettis Koss Construction, is slated for completion in late 2027.

LIMITING EXTERNAL COLLEGE ACCREDITING ORGANIZATIONS

The Kansas House has preliminarily approved SB78, designed to protect Kansas public and private colleges and universities from being compelled by external accrediting organizations to violate state law. This legislation, backed by conservative out-of-state groups, aims to shield institutions from losing accreditation due to adherence to state laws, particularly those potentially restricting diversity, equity, and inclusion programs. The bill mandates that institutions review and update accreditation policies by December 31st and allows them to sue accrediting bodies that take adverse actions for compliance with state law. Critics argue the bill is unnecessary, as the Kansas Board of Regents already has the authority to ensure accreditation adheres to

state law. Concerns were raised that this legislation could jeopardize accreditation for essential programs like mental health and social work, and that future funding cuts could be used to enforce it. The bill now requires a final House vote and Senate affirmation before potentially reaching Governor Kelly's desk.

SENATE PASSED BOND BILL

A Senate bill restricting bond elections to primary or general elections, rather than allowing special elections, has ignited controversy. Senator Doug Shane argued that special, particularly mail-in, elections are used to manipulate outcomes and ensure passage of bond initiatives, citing \$200 million in recent special election bond issues in his district. Opponents, including the League of Kansas Municipalities and the Kansas Association of School Boards, refuted these claims, arguing that the bill disenfranchises voters, limits local control, and increases costs. They argued that special elections allow for flexibility in timing projects with school calendars and taking advantage of favorable bond market conditions. The bill passed the Senate 24-16 and now goes back to the House.

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HOUSING HIGHLIGHTS IS A WEEKLY LEGISLATIVE SUMMARY
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