



HOUSING HIGHLIGHTS

2025 Legislature Week Four

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Rural Community Development Grants Awards

Kansas Governor Laura Kelly recently announced \$10.9 million in Community Development Block Grants for 24 rural communities. This funding, administered by the Kansas Department of Commerce's Quality Places Division, will support critical infrastructure and community development projects. Combined with local matching funds, over \$26.9 million will be available for projects focused on community centers, parks, and libraries; sidewalks and trails; water and sewer infrastructure; and youth job training. The CDBG program prioritizes projects that benefit low to moderate income Kansans, prevent or eliminate blight, and/or address urgent community needs. This investment reinforces the state's commitment to supporting rural communities and enhancing residents' quality of life.

January Tax Collections Exceed Expectations

Kansas finished January 2025 with \$942.8 million in total tax collections, 1.7% (\$15.9 million) above estimates and a 1.5% increase year-over-year. While Governor Kelly stressed continued fiscal responsibility, the state saw strong performance in some areas. Individual income tax collections led the way at \$500.1 million, exceeding estimates by 5.3% (\$25.1 million) and growing by 5.1% compared to January 2024. Revenue Secretary Burghart noted a tax system deployment delay shifted some refunds into February, impacting the total. He suggested that overall collections would have closely matched forecasts without this delay. Offsetting this was a significant shortfall in corporate income tax collections, which reached only \$73.0 million, 21.5% (\$20 million) below estimates and down 18.7% from the same period last year. Sales and use tax receipts combined for \$348.8 million, 3.5% (\$11.8 million) above estimates, and a modest 1.3% increase compared to January 2024.

\$15 Minimum Wage Proposed Amidst Tip Tax Debate

Governor Laura Kelly and Democrat legislative leaders have proposed raising the state's minimum wage to \$15 per hour. This proposal comes in response to a Republican plan to eliminate state income tax on tips for service and hospitality workers. Democrats argue that their proposal would provide more substantial financial relief to low-wage workers than the tip tax exemption. They also point out that Kansas' current minimum wage of \$7.25 per hour, unchanged since 2010, is significantly lower than neighboring states like Missouri, which recently voted to increase its minimum wage to \$15 by 2026. The Democratic proposal, outlined in House Bill 2151 and a draft Senate bill, would more than double the current minimum wage. The Senate draft also proposes raising the base wage for tipped employees from \$2.13 to \$7.50 per hour. Democrats have expressed openness to discussing the tip tax proposal but emphasize the urgent need to address the state's "embarrassingly low" minimum wage. Republicans, however, argue that such a significant increase would harm businesses and the state economy.

Rental Property Inspections Being Considered

Kansas legislators heard testimony regarding a proposed bill that would permit city and county governments to inspect rental properties based on tenant complaints. Representative John Alcala described witnessing severe conditions, including raw sewage and extensive mold, in a Topeka apartment complex, highlighting the impetus for the legislation. Currently, Kansas law prohibits such inspections. The bill, proposed by Topeka officials, initially aims to grant this inspection authority statewide. However, an amendment is under consideration to limit its initial application to Topeka, potentially easing opposition. Topeka representatives have consulted with various stakeholders, including lending institutions, realtors, and landlord associations. Some lawmakers expressed concerns that the bill's scope is too narrow and suggested Federal agencies, such as HUD, should be involved. Representative Lon Pishney questioned the state's role in addressing what he perceived as a Federal responsibility. Wichita City Council member Brandon Johnson indicated that Wichita is also interested in pursuing similar legislation at the state level.

Medicare & Medicaid State Services Face Audits

Department of Government Efficiency aides have gained access to key payment and contract systems of Centers for Medicare & Medicaid Services. CMS has confirmed their full collaboration to identify opportunities for resource efficiency, aligning with the federal administration's new budget goals. CMS is the federal government's primary insurance provider and manages Medicare and Medicaid programs at a cost of over \$1.5 trillion in 2024. CMS granting access to sensitive information has sparked concerns among Kansas Democrats while Republicans generally support the initiative. Following swiftly on the heels of this action, the Kansas Senate swiftly established a 'Committee on Government Efficiency' with an online suggestionbox-type portal that the public may use to share how they believe Kansas government could be improved and to report any perceived governmental inefficiencies. This new committee asserts it will review all submissions as it deliberates and considers legislation especially regarding slashing excess regulations, cutting wasteful expenditures, and restructuring state agencies to keep in step with the ever-changing federal policies of the new administration.

Federal Grant Awarded For SW Kansas Rural Roads

Governor Laura Kelly announced over \$26 million in federal funding for rural road improvements in Hamilton and Edwards counties. The grant, awarded through the Rural Surface Transportation Grant Program, will support the "Dairy Farms and Dirt Roads" project, converting 14.8 miles of dirt roads to paved surfaces. The \$33.4 million project also includes stormwater management systems, improved sight distances, and enhanced road shoulders, benefiting the region's growing dairy industry. KDOT Secretary Calvin Reed emphasized the project's role in improving mobility and supporting local economies. Edwards County will see upgrades to 8.5 miles of roads servicing dairy facilities, while Hamilton County will have 6.3 miles paved, supporting existing dairies and other businesses. Local officials expressed gratitude for the funding, highlighting its positive impact on accessibility, commerce, and rural communities.

Medicaid Expansion

Governor Kelly has reintroduced legislation for Medicaid expansion for the seventh time. The "Healthcare Access for Working Kansans Act" aims to extend coverage to approximately 150,000 Kansans. Governor Kelly argues that expansion would benefit rural hospitals, healthcare workers, and the state economy, citing \$280 million in wasted funds and \$7.6 billion in potential federal funds. While Republican leadership recently allowed hearings on the issue, opposition remains. Proponents highlight a recent survey showing 70% public support for expansion and emphasize the potential for job creation, economic growth, and rural hospital preservation. Kansas is one of only nine states yet to expand Medicaid under the Affordable Care Act, leaving an estimated 39,000 Kansans in a coverage gap. Advocates like David Jordan, president and CEO of the United Methodist Health Ministry Fund, stress the critical role of Medicaid in supporting rural hospitals facing high uncompensated care costs.

Kansas Pharmacists Protest Drug Costs At State House

Over 100 Kansas pharmacies from across 56 counties temporarily closed on Wednesday, February 5th, as pharmacists and staff traveled to Topeka to advocate for changes in healthcare laws. Spearheaded by Wolkar Drug President and pharmacist Brian Caswell, the initiative aimed to address the negative impact of Pharmacy Benefit Managers on the industry. Pharmacists argue that PBMs, acting as intermediaries between insurers and pharmacies, contribute to higher deductibles, limit medication coverage based on profitability, and create an unsustainable healthcare landscape. The group presented collected customer letters to lawmakers, urging them to support reform. The public is encouraged to contact their state and federal representatives to voice their concerns on this issue.

Property Appraisal Amendment Passed

The Kansas Senate passed a constitutional amendment Thursday capping property appraisal increases for tax purposes at 3% annually. The 28-11 vote secured the necessary two-thirds majority, despite five Republican defections and two Democratic votes in favor. While the amendment limits the taxable value increase, it does not limit the appraised value itself. Exemptions include new construction or improvements, but the cap does apply to properties upon sale. Proponents argue the amendment addresses voter concerns about rising property taxes driven by increasing valuations. Senator Jeff Klemp cited the recent election cycle as evidence of voter frustration. Opponents, however, contend the amendment provides a false sense of tax relief, as local governments retain control over mill levies, potentially leading to continued tax increases. Senator Marci Francisco argued that the amendment doesn't lower property taxes. Senator Stephen Owens expressed concern about market distortion and tax burden shifts. The amendment now moves to the House, where a similar proposal stalled last year due to impact concerns. The House has not yet indicated an interest in taking up the bill. If passed by the House, the amendment will appear on the ballot this fall.

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