



# HOUSING HIGHLIGHTS

*2025 Legislature Week Seven*

*February 28, 2025*

*Volume 11 Issue 6*

## **AFFORDABLE HOUSING TAX CREDIT FACES REPEAL**

The Kansas House advanced a bill (HB 2119) to abolish the state's affordable housing tax credit, established in 2022, due to concerns over potential long-term revenue losses. Legislative auditors projected the credit could cost the state up to \$250 million annually within a decade. While the bill includes amendments to protect tax credits awarded for 2023-2025 projects, it signals an end to the program. Supporters of the program argue the credit is crucial for addressing the state's housing crisis, citing a \$5-6 return on every dollar invested. They warn that eliminating the credit will exacerbate housing shortages and drive up rents. Opponents, however, contend the program diverts funds from essential state services like education and senior care. They argue other housing programs exist and suggest a new, more fiscally responsible approach is needed. The tax credit, designed to match federal low-income housing tax credits, allows developers to sell credits to investors, reducing project costs and enabling lower rents. The Kansas Housing Resources Corporation reported significant affordable housing unit production attributed to the credit in 2023 and projected increases for 2024. The bill now moves to the Senate for consideration, setting up a debate on balancing affordable housing needs with state fiscal responsibility.

## **KANSAS HISTORIC PRESERVATION TAX CREDIT AMENDED**

A new bill has amended Kansas' historic preservation tax credit, implementing a tiered system based on city population. Effective for qualified rehabilitation plans placed into service on or after July 1, 2025, the legislation offers a 25% tax credit on expenditures between \$5,000 and \$50,000 for projects in cities with populations exceeding 50,000. For projects in cities with populations of 50,000 or less, a 40% tax credit is available for expenditures of \$5,000 or more. The bill also permits the transfer of tax credits, requiring assignors to notify the state historical society within 90 days of the transfer. K.S.A. 2024 Supp. 79-32,211 is repealed, and the executive director of the state historical society is authorized to establish implementing rules and regulations.

## **REMOVAL OF SQUATTERS ACT**

Kansas lawmakers are considering HB 2378 which would make squatting a crime. The bill aims to streamline the eviction process, allowing property owners to file an affidavit with the sheriff to remove unauthorized occupants. Proponents argue the bill is a proactive measure to address potential squatting issues, while the Kansas Sheriffs' Association supports the concept but suggests some technical revisions are needed. A false affidavit under the act would be a misdemeanor.

### **FAILING KANSAS MALLS STAR BONDS**

Kansas lawmakers are considering expanding the use of STAR bonds, a financing tool that uses future sales tax revenue to fund development projects. SB 197 proposes changes that could allow STAR bonds to be used for mall revitalization, potentially benefiting struggling malls like Wichita's Towne West Square. Supporters argue that STAR bonds can attract valuable attractions and improve quality of life, citing successful examples like Top Golf and Riverfront Stadium. However, the use of taxpayer dollars for such projects faces scrutiny from some legislators who emphasize the need for careful consideration and project success to ensure responsible spending. The bill's passage and Governor Kelly's signature are needed to extend the STAR bond program beyond its current 2026 expiration date.

### **TAX INCENTIVES FOR DATA CENTERS APPROVED**

The Kansas Senate has approved a bill offering significant tax incentives to attract data centers, sparking debate about the economic benefits of such projects. The bill, passed by a 34-6 vote, exempts data centers from state and local sales taxes if they invest at least \$250 million and employ a minimum of 20 people. Proponents argue this exemption is crucial for Kansas to compete with other states and attract billions in investment, citing 14 potential projects representing over \$15 billion in investment currently under consideration. They emphasize the potential for high-paying jobs, improved infrastructure, and long-term tax revenue. However, critics point to the industry's track record of limited job creation despite substantial investment. National studies have shown that data centers, while requiring significant capital, often generate relatively few permanent jobs, sometimes costing millions per job created in incentives. Concerns were raised about the potential loss of sales tax revenue, although some argue that taxes on utilities would offset this. Questions also remain about the duration of the exemptions, ranging from 15 to 60 years depending on the investment size, and the lack of clarity regarding penalties for abandonment. While some studies suggest data centers generate significant local economic activity and support numerous jobs during construction, the limited permanent employment numbers remain a point of contention. The debate highlights the tension between attracting large investments and ensuring tangible benefits for local communities. The Kansas legislature is also considering a separate bill that would limit discounted electric rates for data centers that do not meet certain employment thresholds, further underscoring the focus on job creation.

### **KANSAS RAIL EXPANSION REMAINS ON TRACK**

The Kansas Department of Transportation has reaffirmed its commitment to the Heartland Flyer rail line extension from Oklahoma to Kansas, targeting a 2029 operational launch. During a legislative rail caucus meeting, KDOT addressed concerns about potential federal funding cuts, emphasizing that the project remains on schedule. Legislators also raised questions about freight rail capacity and potential opposition to passenger service, with Amtrak highlighting the need for increased funding to address these issues. The project relies on federal contributions and a proposed state bill allocating \$20 million over four years to a rail line fund. The absence of a Federal Railroad Administration representative, due to a vacant administrator position, further underscored the funding uncertainty.

### **LOWER TRAINEE AGE MAY EASE POLICE SHORTAGES**

The Kansas House has passed HB 2164, a bill that would lower the minimum age for police trainee applicants from 21 to 20. Proponents argue this allows for earlier recruitment and training, addressing current staffing shortages. The bill would permit individuals to begin training at 20, provided they are 21 before appointment as a law enforcement officer. Topeka Mayor Mike Padilla emphasized that the bill does not alter existing

qualification requirements. Concerns regarding the maturity of younger recruits have been raised. The bill now moves to the Senate for further consideration.

### **PRISON LABOR FOR HOUSING CONSTRUCTION PROPOSED**

A new bill in the Kansas legislature aims to address the state's housing shortage by legalizing the use of prison labor for home construction. Sponsored by Rep. Kyler Sweely, the bill would create an exception to current law, allowing the corrections department to establish a program where inmates build housing units for underserved areas. The state would partner with local communities to identify eligible locations. Sweely argues the bill offers a solution to the housing crisis while providing inmates with valuable job training. The Associated General Contractors of Kansas supports the proposal, citing its potential to grow the workforce and offer opportunities for inmates seeking rehabilitation. However, the ACLU of Kansas cautions against potential exploitation, emphasizing the need for voluntary participation, fair compensation, and adherence to labor standards. They highlight the wide disparity in inmate wages, from less than a dollar a day for standard prison jobs to minimum wage for private sector work, and raise concerns about the proposed program's pay structure. The bill's future is uncertain as it has yet to receive a hearing.

### **FACULTY TENURE BILL FACES UNCERTAIN FUTURE**

HB 2348, aimed at eliminating the employment property interest inherent in tenure at Kansas public universities and colleges, has ignited significant opposition. A recent House Judiciary Committee hearing featured 35 opponents and only three proponents. Critics, including faculty from multiple Kansas universities and national academic organizations, argued the bill would severely undermine academic freedom, allowing for potential suppression of research and speech. The bill, drafted by an Emporia State University attorney involved in an ongoing labor dispute. The CEO of the Kansas Board of Regents raised concerns about policy violations. Proponents argued that tenure shields underperforming faculty from accountability. However, opponents countered that the bill would dismantle essential protections for academic inquiry. Governor Laura Kelly expressed skepticism about the bill's passage, predicting it would not reach her desk. The bill has yet to advance beyond the initial hearing.

### **ABANDONED OIL AND GAS WELL LEGACY**

A Kansas Senate committee recently addressed the growing concern of abandoned oil and gas wells across the state. Property owners are increasingly worried about potential environmental hazards from these "zombie wells," many of which lack proper documentation. The Kansas Corporation Commission's Conservation Committee reported that while over 10,000 wells have been plugged at a cost of more than \$40 million, numerous undocumented wells remain. Conservation Committee Director Ryan Hoffman emphasized the challenge of locating these wells, noting that the state is exploring new technologies, such as drone-mounted magnetometers, to detect subsurface anomalies. Hoffman expressed optimism that regulatory changes could incentivize greater industry participation in addressing the issue and unlock additional funding sources, potentially reducing the long-term financial burden. Federal grants have already aided in plugging over 2,000 wells in the past two years. The state's current focus is on accurately assessing the scope of the remaining problem.

### **A SOUTHWEST KANSAS OASIS**

Audrey Rupp, park manager for HorseThief Reservoir in Hodgeman County, Kansas, is passionate about this unique recreational park, which features a 450-acre lake, camping, and event facilities. HTR's history dates back to the 1930s, with serious development beginning in the mid-1990s. Voter-approved bonds funded the project, culminating in the reservoir's opening for limited use in 2010 and reaching full capacity in 2016. Rupp and her

team are actively enhancing the park to make it a premier destination by adding amenities like a kayak rental kiosk, yurts for "glamping," and developing a trail system for hikers and horseback riders. Open year-round the park hosts several annual events, including the newly rebranded Smoke on the Water barbecue competition in April, a Memorial Day Luau, a 4th of July fireworks display, and the HorseThief Kite Festival on Labor Day weekend.

**ELECTED STATE SUPREME COURT CONSIDERED**

A proposed constitutional amendment that would replace the state's current merit-based system for appointing Supreme Court justices with direct elections. Senate Concurrent Resolution 1611, if passed by two-thirds majorities in both chambers, would appear on the 2026 ballot. The proposed change would divide the seven justice seats among the 2028, 2030, and 2032 elections, with six-year terms. Proponents argue the change empowers voters and removes influence from an "elitist" system. They point to recent court decisions on abortion and school funding as motivating factors. Opponents express concerns about increased politicization of the court, the influence of money in judicial elections, and the potential erosion of public trust in the judiciary. They emphasize the success of the current system, implemented after a 1950s political scandal, citing the high retention rates of justices. The debate highlights the tension between judicial independence and political accountability, with both sides of the aisle claiming to represent the will of the people.

**KANSAS HOUSING ASSOCIATION, INC.**

513 SW VAN BUREN STREET, TOPEKA, KANSAS 66603  
PHONE: 785-235-6283 FAX: 785-235-8676  
KHA@KANSASHOUSINGASSOCIATION.COM  
WWW.KANSASHOUSINGASSOCIATION.COM

HOUSING HIGHLIGHTS IS A WEEKLY LEGISLATIVE SUMMARY  
PREPARED BY KHA, INC. KANSAS GOVERNMENT AND STATEWIDE  
NEWS ARE GATHERED AND COMPILED INDEPENDENTLY FROM  
VARIOUS MEDIA REPORTS.

**KHA BOARD OF DIRECTORS**

TREY GEORGE, PRESIDENT  
KELSEY HERR, VICE PRESIDENT  
BETH EASTER, TREASURER  
TONY KRSNICH, SECRETARY  
MATT GILLAM, PAST PRESIDENT

**DIRECTORS AT LARGE**

Director - Rebecca Arthur  
Director - Andrew Danner  
Director - Matt Fulson  
Director - Chris Hite  
Director - James Oltman  
Director - Dan Sallier  
Director - Joshua Yurek