

NEWSLETTERS



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | APRIL 6, 2022

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FIRST ADJOURNMENT

Friday night, the Kansas Legislature adjourned after midnight with major issues unresolved. The House adjourned at 1:25 a.m. and the Senate followed at 1:35 a.m. Saturday morning. The Legislature returns April 25 for the veto session. The Legislature did pass the base budget (except education). As well, the Legislature passed the Conference Committee Report (CCR) on Senate Substitute for HB 2239, with provisions addressing income tax, property tax, and sales tax. The tax cuts would provide more than \$300 million over three years in tax relief for Kansas taxpayers. Before adjourning, House and Senate Tax Conference Committee negotiators agreed on two other key tax-cut measures. The Conference Committee Report (CCR) on HB 2106 gradually eliminates the sales tax on food by 2025. The bill doesn't extend to food prepared in restaurants. The other major tax agreement is the CCR on Senate Substitute for HB 2579, intended to provide major property tax relief over the next few years. Both tax bills are expected to pass when the Legislature returns in April.

After midnight, the House narrowly passed sports betting (CCR on SB 84) by a 63-49 margin. The late addition of a fund designating 80% of the sports betting revenue to attract a professional sports team to Kansas generated considerable interest and debate. The conference committee report includes a provision authorizing parimutuel wagering on historical horse races only, conducted by an organization licensee at a facility located in Sedgwick County and only through historical horse race machines. These machines would be authorized only at the old Wichita Greyhound Park. The measure will be considered by the Senate when it returns for the veto session.

Friday night, the Kansas Senate approved limiting advance-ballot drop boxes to one drop box to every 30,000 voters, which reduces the drop boxes statewide. Johnson and Shawnee counties could add boxes under the provisions of the bill. After extensive debate in conference committee, the bill does not eliminate the 2017 law allowing ballots postmarked on or before Election Day to be accepted on the Friday after the election. The House will consider the conference committee report when it returns.

TO THE GOVERNOR'S DESK

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Last week's conference committees worked hard in both chambers to address multiple issues. As referenced above, Senate Substitute for HB 2239 addresses income, property, and sales tax relief. It creates the Golden Years Homestead Property Tax Freeze Program (refund program), increases the individual income tax standard deduction, enacts the SALT Parity Act, amends the law related to carrying forward net operating losses, creates tax exemptions for federal disallowances related to certain employment tax credits, create tax credits for contributions to technical and community colleges, and provides for an income tax checkoff for state historic sites. The Senate passed the bill 39-0 and the House approved it 103-10.

The COVID liability bill (SB 286) extending liability protection for health care providers and businesses passed the House 64-51. The Senate passed the bill 24-16. The bill requires hospitals and health care facilities to serve patients without COVID-19 inoculations.

The base state budget bill, SB 267, (excluding K-12 education) was approved 33-5 by the Senate and in the House by a margin of 104-12. It is the foundation for the Omnibus appropriations bill during the veto session.

The Fairness in Women's Sport Act (see CCR at SB 160) passed the Senate 25-13 and the House 74-39. It bans transgender girls from participating in interscholastic sports. Last year, Gov. Laura Kelly vetoed a similar bill. Neither chamber passed the bill with enough votes to override a veto.

Both chambers passed a compromise version of the Parents' Bill of Rights legislation (see CCR at SB 58), allowing parents to be involved in their child's education. Among the provisions is the ability to challenge educational materials in schools that hinder the beliefs and values of parents. The bill passed the Senate 23-15 and the House 67-46 without the necessary votes to override a veto.

Friday afternoon, the Kansas House concurred 80-34 on legislation allowing nurse practitioners to practice without signing a collaborative agreement with a physician. If signed by Gov. Kelly, Kansas would become the 24th state allowing advanced practice registered nurses to practice without a collaborative agreement. In March, the bill passed the Senate 30-7 and on Friday, the House concurred 80-34.

March Revenue Up

The Kansas Department of Revenue issued the March state revenue numbers on April 1. State revenue was \$80 million, or 13.4% above the consensus estimate. Three quarters (9 months) into the current state fiscal year, revenue is \$286 million, or 13.4% more than the November estimates. Among the strong signs of economic recovery from the pandemic were sales and compensating use tax figures. March 2022 sales tax collections were 12% above last March. The newly released March compensating use tax revenue (i.e., essentially a sales tax on out-of-state purchases) was 47.5% above last March.

WHAT TO WATCH BEFORE THE VETO SESSION

The Legislature will return at 10 a.m. on April 25 to resume its work. There are two key meetings which will impact the final budget deliberations prior to members' return. The first is the Consensus Revenue Estimating Group (CREG) April 20 meeting. The CREG will review the Kansas economic outlook and update revenue estimates needed to finalize the Omnibus budget in the veto session. The CREG reviews the revenue estimates bi-annually (November and April). The second round of key meetings will occur on April 21-22, when the House Appropriations Committee and Senate Ways and Means Committee meet to consider needed changes to the state budget based on the estimates and the latest fiscal impact of legislation.

Kansas Legislative Insights is a publication developed by the Governmental Affairs & Public Policy Law practice group of Foulston Siefkin LLP. It is designed to inform business executives, human resources and governmental

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relations professionals, and general counsel about current developments occurring in current Kansas legislation. Published regularly during the Kansas legislative session, it focuses on issues involving Healthcare, Insurance, public finance, Taxation, financial institutions, business & economic development, Energy, Real Estate & Construction, environmental, Agribusiness, employment, and workers compensation. Bill summaries are by necessity brief, however, for additional information on any issue before the Kansas Legislature, contact Foulston Siefkin's Governmental Affairs & Public Policy Law practice group leader, James P. Rankin at 785.233.3600 or jrankin@foulston.com. Learn more about the authors below:

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