

NEWSLETTERS



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | JANUARY 14, 2022

January 14, 2022

SESSION OPENS

The 2022 Kansas Legislature is now underway with committees getting organized and receiving briefings on the issues coming before their committee. Gov. Laura Kelly's State of the State address proposed eliminating the sales tax on food, freezing college tuition rates, investing in law enforcement, a \$250 one-time rebate to resident taxpayers, and fully funding the state water plan. This is all done through proposing a fiscally prudent budget that eliminates many accounting gimmicks while including a rainy-day fund. Gov. Kelly used her election-year State of the State address to remind Kansans about the creation of 30,000 new jobs and more than \$7.6 billion invested in Kansas by businesses during her administration despite a pandemic. Predictably, the Republicans in attendance were restrained in their response, while the Democrats were exhibiting strong support.

On Wednesday, the governor's budget was released and presented to the budget committees who are starting to look at the details. The redistricting process has started with both the House and Senate Redistricting Committees conducting their initial meetings and reviewing the process. The reality that more legislative seats will need to be moved from rural areas to urban areas will become more apparent when the initial redistricting maps for the Kansas House and Senate are released.

While the opening week of legislative sessions generally opens slowly, there was one notable exception addressing the damage caused by the recent wildfires with prefiled bills in both the House and Senate. Both the House and Senate Tax Committees conducted hearings on their respective bills this week. The Senate version is Senate Bill 318, introduced by Sens. Elaine Bowers (R-Concordia), Rick Billinger (R-Goodland), and Caryn Tyson (R-Parker), providing a sales tax exemption for purchases to reconstruct, repair, or replace certain fencing damaged or destroyed by wildfires. Senate Tax Committee Chair Caryn Tyson fast-tracked the measure with a hearing yesterday and committee approval with two amendments. One amendment allows county commissions to temporarily stop collecting property tax on burned buildings. The second provides that the tax exemption be retroactive to 2019 to assist tornado victims. The House Tax Committee held a hearing on its bill on Wednesday and will continue its hearings next week.

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There have only been a handful of bills introduced each day this week. The Legislature will not meet on Monday in recognition of the Martin Luther King Jr. holiday. The committee meeting schedule is relatively light next week.

GOVERNOR'S BUDGET PROPOSAL FOR \$2.9 BILLION SURPLUS

On Wednesday, Gov. Laura Kelly's budget proposal was presented by her budget director, Adam Proffitt, to a joint meeting of the House Appropriations Committee and the Senate Ways and Means Committee. The governor's approach to the surplus is saving millions in future interest costs by paying \$586 million in bonds early and would avoid issuing \$224 million in new bonding to cover proposed building projects. The \$586 million in debt retirement includes a \$253 million payment to cover skipped state contributions to the Kansas Public Employees Retirement System (KPERS) to be repaid over many years. The governor's budget proposed to pay other debt, including \$160 million the state owes for dredging at John Redmond Reservoir and construction of a building at KU Medical Center in Kansas City. Further, the governor recommended early repayment of \$171 million in bonds for the National Bio and Agro-Defense Facility in Manhattan.

Gov. Kelly's proposal to eliminate the state sales tax on grocery purchases is projected to cost \$450 million in lost tax revenue. The budget proposes a one-time \$250 rebate to resident tax filers. The budget proposal includes a 5% raise for state employees while continuing to invest in education, mental health, and public safety. Finally, the governor proposed Medicaid expansion for low-income Kansans, which is unlikely to pass.

Proffitt told the budget committees that Gov. Kelly was committed to eliminating accounting tricks and gimmicks that have masked state financial problems in past budgets. For example, her budget would eliminate annual raids on the state highway fund. The reduction in taxes, eliminating interest payments, and avoiding debt was greeted with bipartisan support. The Democratic governor's proposal is only the starting point for budget discussions. Ultimately, the Republican Legislature will modify the governor's proposals.

STATE OF THE JUDICIARY ADDRESS

On Tuesday, Kansas Chief Justice Marla Luckert addressed a joint session of the House and Senate with an update on how the courts functioned during the pandemic. Justice Luckert requested funding for 13 new district judges and 10 more district magistrate judges. She thanked legislators for the 5% raises approved last session for the Judiciary in Fiscal Years 2022 and 2023 and requested that they be kept in place. She reported that Kansas judges are generally earning about \$30,000 a year less than similar judges in other states. Justice Luckert noted the courts are using new procedures and technology, making them more responsive to Kansans.

REDISTRICTING PROCESS UNDERWAY

This week both the House and Senate Redistricting Committees had organizational meetings and reviewed the redistricting process. The House committee approved the guidelines they will be using for redistricting. Things will become more interesting in the House committee next week with deliberations on the Congressional boundary lines. House Chair Rep. Chris Croft asked any member to bring proposed Congressional maps next Tuesday for committee discussion. He has tentatively announced three days of committee meetings next week with possible committee action next Friday on the Congressional map.

BILL INTRODUCTIONS

TAXATION

SB 318 – Would provide a Kansas sales tax exemption for all purchases of tangible personal property and services made to fix existing fence damaged by the recent remarkable Kansas wildfires. Referred to the Senate Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair. Committee passed and sent to the Senate floor. See also

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HB 2464 referred to the House Committee on Taxation.

SB 327 – Would exclude separately stated delivery charges from the sales or selling price for purposes of the Kansas sales tax. Referred to the Senate Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

SB 328 – Would set the Kansas income tax rate at 4.75% for individual taxpayers. Referred to the Senate Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair.

SB 329 – Would authorize the Kansas State Treasurer to determine account owners and beneficiaries for a qualified Internal Revenue Code § 529A “ABLE” account. Referred to the Committee on Financial Institutions and Insurance, Sen. Jeff Longbine, Chair.

COURTS, LAWS, AND REGULATIONS

SB 332 – Would prohibit the use of a mobile telephone while operating a motor vehicle in a school or construction zone or, in any case, by individuals less than age 18. Referred to the Senate Committee on Transportation, Sen. Mike Petersen, Chair.

HEALTHCARE

HB 2477 – Is intended as a continuing COVID-19 response. The bill would authorize the Kansas Department for Aging and Disability Services to issue temporary licenses and authorities to any person previously licensed to work in an adult care home. Other consistent COVID-19 response measures are included. Referred to the House Committee on Judiciary, Rep. Fred Patton, Chair.

UTILITIES

SB 323 – Would require certain information to be provided to landowners prior to construction of wind or solar facilities, and also places other limitations on any written instrument that conveys any estate or interest such as a lease or easement. Referred to the Senate Committee on Utilities, Sen. Mike Thompson, Chair.

SB 324 – Would amend the personal and real property law to void any lease or easement if after five years the property does not have a certificate of site compatibility or conditional use permit, if required. Additionally, it would provide that any lease or easement related to a wind or solar project will be presumed abandoned if, among other things, after a period of 36 consecutive months, no construction or operation of the wind or solar facility has occurred. Referred to the Senate Committee on Utilities, Sen. Mike Thompson, Chair.

SB 325 – Would provide that within 90 days after the county has approved a resolution rezoning a parcel of property for the purpose of building a wind or solar facility, 10% or more of the qualified electors of the rezoned property may submit a petition protesting the rezoning. Referred to the Senate Committee on Local Government, Sen. Carolyn McGinn, Chair.

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 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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