

Bright and Carpenter Consulting, Inc.



825 S. Kansas Avenue, Suite 502C Topeka, KS 66612, www.brightcarpenter.com

Weekly Legislative Report February 28-March 4, 2022

Lawmakers returned from their five-day recess on Tuesday to officially start the second half of the 2022 Legislative Session. The Legislature was Pro Forma on Friday, making it a relatively quiet three-day week. While they slowly eased back into committee work, next week is filling up quickly with dozens of hearings already scheduled. It's typically after Turnaround that the tempo speeds up significantly to meet bill deadlines for the year. It should be March madness from here on out!

The last day for committees to meet and consider non-exempt bills is March 18. The last day for those bills to pass either Chamber is March 23, and first adjournment falls a week early this year on April 1.

Food Sales Tax

The elimination or reduction of food sales tax has been a running issue all session long. Governor Laura Kelly introduced a \$319 million proposal in January that cut the tax rate on food to 0%. Last month, the Senate Assessment and Taxation Committee piled on several other sales tax exemptions for utilities, movie theaters, and delivery charges, which inflated the fiscal note on the Governor's bill rather significantly. [Senate Bill 339](#) has not yet been considered by the full Senate.

Republican leadership has stated that they'd rather slowly buy down the tax rate on food and use some of the state's excess revenue instead to reduce KPERS debt and invest in the Rainy-Day Fund.

This week, the House Taxation Committee on Wednesday considered [House Bill 2711](#), which would reduce the overall retail sales tax rate from 6.5% to 6.3% and buy down the food sales tax rate to 3.5% starting on July 1 of this year. If the balance in the Budget Stabilization Fund is \$100 million or greater at the start of each fiscal year thereafter, the food sales tax rate would be reduced another 1.2% until it's eliminated. The House Tax Committee has already heard the Governor's original sales tax proposal earlier this session. No action has been taken on either bill, although it appears that HB 2711 would be the bill that ends up moving forward on the House side.

Tax Credits, Property Tax

While considering a bill that would providing income tax credits for aerospace and aviation program graduates and their employers, the full Senate on Thursday added a full package of tax credits and property tax cuts. [Senate Bill 282](#) would now also do the following:

- Increase the property tax exemption for the statewide 20-mill levy for public schools from the first \$20,000 of residential property to \$65,000 with future increases based on inflation.
- Offer a \$250 individual income tax credit for public and private school teachers that purchase classroom supplies.
- Provide developers a tax credit of up to \$35,000 for low-income or housing in small counties with population between 8,000 and 25,000 people.
- Freeze property taxes for seniors 65 and older or disabled veterans whose household income is under \$50,000 and homes are valued under \$350,000.

Senate Democrats offered an amendment to also add Governor Kelly's \$250 tax rebate for all taxpayers. That proposal failed 16-18. The Senate will vote on SB 282 on Monday, when a new fiscal note will be available.

Rural Housing

The Legislature is considering several proposals that would support more housing development in rural communities across Kansas. Housing has consistently been one of the top barriers to agribusiness workforce and population growth in rural areas.

On Wednesday, a large and diverse group of business organizations from the energy, agriculture, financial, housing, healthcare, and telecommunications industries requested a one-time, \$50 million appropriation from the State Housing Trust Fund to be distributed to rural cities and counties to support various housing initiatives and programs. The request was made to the Senate Commerce Committee this week but has been presented to two House committees already this session. [See the coalition's letter.](#)

Water

The House Water Committee met on Monday and took a detour on their mega water bill that's had a hard time garnering support from various agricultural groups before now. The original contents of House Bill 2686 were removed, and new language was inserted that would require groundwater management districts (GMDs) to provide certain reports to the Legislature. The bill would also distribute 1.5% of the state's sales tax revenue to the State Water Plan Fund (SWPF) each year. [Substitute for House Bill 2686](#) passed the committee by a vote of 9-6. It now awaits consideration by the full House.

For decades, the state has failed to fully fund the SWPF at the statutorily required amount of \$8 million per year. However, Governor Kelly included it in her budget this year, and both budget committees have approved the appropriation.

Constitutional Amendment on Rules and Regs

The Senate Judiciary Committee heard [House Concurrent Resolution 5014](#) on Wednesday. The constitutional amendment provides for legislative authority to revoke or suspend rules and regulations adopted by executive branch agencies and officials. It passed the House Judiciary Committee last year and is supported by Attorney General Derek Schmidt and various business and agricultural organizations. The committee did not take any action on the bill this week, but they also have an identical bill, [Senate Concurrent Resolution 1618](#), that was heard last month. The House already passed HCR 5014 with the two-thirds majority vote needed, 85-39.

The House Federal and State Affairs Committee will hear [Substitute for Senate Bill 34](#) next Wednesday. The bill would require all regulations be subject to review by the agency every five years. It would also speed up the process if a rule or regulation needs to be revoked. The Attorney General and the joint legislative committee on rules and regulations will continue to have oversight. The Senate already passed the bill 32-7 last week.

Budget Review

It was another light week of budget work, much of which set the state for budget bill negotiations between the House and Senate by the end of the month. Legislators continued to deliberate on smaller agency budgets, although they typically don't make many changes to them. The subcommittee work for the large agencies is almost wrapped up. This is where most of the negotiations between the House and Senate really happen. Both budget committee Chairmen strongly hinted that they'll start that heavy lifting next week. Both committees are set to look at supplemental budget requests starting Monday.

The Senate Ways and Means Committee has an initial agreement to revise the funding system for community and technical colleges. These revisions are still in the initial phase but could be done by the end of the session.

Busy Week Ahead

Here is a list of some key hearings coming up next week:

State and Local Tax Parity

The Senate Assessment and Taxation Committee will hear [Senate Bill 495](#) on Thursday. The bill would establish the SALT Parity Act to allow pass-through entities to elect to pay state income tax at the entity level.

Wind Turbine Lighting

The Senate Utilities Committee will hear [Senate Bill 478](#) on Wednesday and Thursday. The bill would require installation of light mitigation technology on wind turbines and give authority to the county commissioners to determine the type of lighting system required.

Plastic Bag Preemption

The House Commerce Committee will hear [Senate Bill 493](#) on Wednesday. The bill would prohibit cities and counties from regulating plastic bags or containers designed for the consumption, transportation or protection of merchandise, food, or beverages. It passed the Senate 27-13.

Unemployment Insurance

The Senate Commerce Committee will hear [House Bill 2703](#) on Thursday. The bill contains mostly technical clean-up provisions to last year's mega Unemployment Insurance Reform Bill. It passed the House 121-0.

Workers Compensation

The Senate Commerce Committee will hear [Senate Bill 361](#) on Tuesday. The bill would eliminate the \$155,000 cap on permanent total disability in the Workers Compensation Act.

Pediatric Insurance Coverage

The Senate Financial Institutions and Insurance Committee will hear [House Bill 2110](#) on Thursday. The bill would require the State Employee Health Plan to State Employees Health Plan to provide coverage for the diagnosis and prescribed treatment for certain pediatric neuropsychiatric disorders, commonly known as PANS and PANDAS. The bill passed the House 113-8.

Health Restrictions

The Senate Judiciary Committee will hear [Senate Bill 541](#) on Monday. This bill provides compensation for restriction by governmental actions regarding face masks, gathering limits, business restrictions and religious gathering limits not to exceed 30 days in duration.

Truth in Taxation

The Senate Tax Committee will hear [Senate Bill 542](#), which is a trailer bill to last year's [Senate Bill 13](#), on Wednesday. SB 542 proposes to establish a property tax revenue neutral rate complaint process and deadlines for budgets to be filed with the director of accounts and reports as well as require roll call votes of governing bodies.

Vote to Increase Taxes

Senate Tax is having a hearing on [Senate Concurrent Resolution 1620](#) on Thursday. The bill requires 2/3 majority before any tax increase can be imposed. However, there is not a correlating spending cap.

Fairness in Women's Sports Act

On Monday, the Senate Education Committee will reconsider the Fairness in Women's Sports Act during a hearing on [Senate Bill 484](#). Last year, the Legislature passed the Act in [Senate Bill 55](#), but the Governor vetoed the bill and an effort to override was not successful.

