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Kansas Legislative Report, February 3-7, 2024

With only two weeks left before Turnaround – when bills must pass their original chamber to stay alive for the year – the pace picked up significantly this week in the Kansas Legislature. Revisors worked furiously to meet today's deadline when all non-exempt bills must be introduced.

The House began considering a few non-controversial bills on their General Orders; 228 more bills were introduced; and hearings quickly filled up committee calendars. The last day for non-exempt committees to meet is February 17 followed by Turnaround on February 20.

COGE Public Input Portal

The Kansas Committee on Government Efficiency (COGE) recently announced the launch of a Government Efficiency Portal on the Kansas Legislature's website: <https://kslegislature.gov/li/kansascoge/>. The purpose is to receive ideas directly from citizens on how government can operate more efficiently and effectively. Those ideas submitted by the public can be studied and potentially turned into legislation.

Mirroring the new federal administration, several states are beginning to incorporate public input into their efforts to reduce wasteful government spending.

January Revenues Exceed Estimates

The January [revenue report](#) was released on Monday and showed for the second month in a row revenue exceeded expectations. The state collected about \$943 million in taxes and about \$965 million in total revenue, \$25 million or 2.7% above estimate. Individual income taxes were \$500 million (5.3%) above the estimate. Corporate income taxes fell 21.5% below estimates, while compensating use taxes exceeded projections by 10.9%.

Sect. of Revenue, Mark Burghart, however, cautioned the January revenues were higher due to the timing of refunds being held for February. Has those refunds been sent in January the revenue would have been closer to projections.

No Tax on Tips

Another way Kansas is modeling some of President Trump's new policies is by pushing to exempt gratuity and tips from state income tax.

Senate President Ty Masterson and Tax Committee Chair Caryn Tyson joined U.S. Senator Roger Marshall in a press conference announcing their intention to cut taxes on tips on the state level. The proposal would cost the Kansas an annual loss in sales tax revenue anywhere from \$4 million to \$10 million.

A bill has not yet been introduced, but the idea is to extend tax relief to lower- and middle-income Kansans in the same way the Legislature approved exempting social security benefits from income tax last year.

Property Tax Constitutional Amendment

The Senate debated and approved [Senate Concurrent Resolution 1603](#) by a vote of 28-11. If adopted by a two-thirds majority of each chamber and approved by voters in November, SCR 1603 would amend the Kansas Constitution to limit the growth of taxable value of any real property to three percent each year.

House leadership has said they will not take up the measure over concerns that the bill will not have the intended impact of actually lowering property taxes. Opponents argue it only caps the allowable rate on valuations. Local governments can still raise their mill levies, resulting in potentially substantial tax increases.

Regulatory Constitutional Amendment

The House Judiciary Committee held a hearing on [House Concurrent Resolution 5008](#), which proposes a constitutional amendment to provide legislative oversight of executive branch rulemaking.

Proponents included Chairwoman of the Joint Committee on Administrative Rules and Regulations, Barb Wasninger, Americans for Prosperity, and the Kansas Chamber. They argued the resolution would enhance democratic accountability, address potential regulatory overreach, and improve the state's regulatory environment.

The proposed amendment would allow the legislature to review agency rules and regulations, with a potential five-year retrospective review process, addressing concerns about the current lack of comprehensive legislative oversight. Kansas is one of 16 states without a legislative regulatory review mechanism.

Kansas Department of Commerce Budget

The full Appropriations Committee considered and passed the KDC Budget this week. The Legislative Budget Committee requested a 10% cut in all funds for the Department. The budget, as passed by the subcommittee, restored partial cuts to broadband and tourism but cut the Sunflower Summer's Program to only \$1 million in FY 2026. The subcommittee also cut funding for the Love Kansas Program.

Affordable Housing Tax Credits

The House Commerce Committee heard [House Bill 2119](#) this week. Both the House and Senate have proposals to eliminate the Kansas affordable housing tax credit act effective July 1, 2025. There are concerns about the fiscal cost of the program and its effects on the state general fund. There were many opponents to the bill that expressed concerns that eliminating the program would be detrimental to building affordable housing in the state.

State Longitudinal Data System

The House K-12 Budget Committee will hear [House Bill 2303](#) on Wednesday. This bill proposes establishing a statewide longitudinal data system (SLDS) to integrate state and local data, providing a clearer picture of how investments in education and workforce programs drive student success. An SLDS may also integrate employment trends, industry demand, wage growth, and regional economic data, helping policymakers align education and workforce programs with Kansas's evolving economic landscape.

Kansas is one of eight states that has not implemented a statewide data management system. Proponents suggest, if passed and implemented within the next year, a SLDS would be beneficial to lawmakers' efforts to write a new school funding formula which would take effect July 1, 2027. [Click here](#) to learn more about SLDS.

Public Funds

On Monday, the House Finance & Pensions Committee held a hearing on [House Bill 2152](#). This bill, requested by the Kansas Bankers Association (KBA), proposes to make changes to how the state and local units of government invest their idle funds. The KBA stresses the bill will help keep Kansas dollars stay in Kansas and bring economic development to all communities.

Opponents argued that the proposed changes would actually cost local communities millions of dollars and that local governments had a duty to maximize the value of idle funds to help offset the impact on other taxing sources, such as property taxes. If the earnings from idle funds is diminished, local governments will be forced to make cuts.

No action was taken on the bill, but the Chair indicated he will continue discussion on the bill after turnaround in hopes the parties may be able to find common ground on the bill.

Rural Opportunity Zone

The Senate Tax Committee heard [Senate Bill 69](#) this week which would extend the rural opportunity zone repayment and tax credits for 5 years. The Kansas Rural Opportunity Zone (ROZ) is a program established by the Kansas Legislature to incentivize new citizens to move to counties in Kansas with a population of less than 40,000 and provides up to a 5-year personal 100% personal Kansas income tax credit and up to \$15,000 in student loan debt forgiveness.

Proponents included the Kansas Hospital Association and the Office of Rural Prosperity stating program success in attracting workers to rural Kansas. There were no opponents to the bill.

Governor's Council on Tourism Legislation

[House Bill 2037](#) passed the House on a vote of 115-4 this week. The bill would increase the membership of the council on travel and tourism, update the house legislative committee assignment required for council members appointed from the house, equalize the allocation of funds from the matching grant program for the promotion of tourism for private, public and nonprofit entities and remove the restriction on the percentage of funds granted to a single entity. The bill will now go to the Senate for consideration.

Next week

As the February 20 turnaround deadline quickly approaches, the Appropriations Committee will continue their work on putting a budget together while other committees work to pass bills for consideration by the full bodies. Below are a few hearings occurring next week:

On Monday, Senate Commerce will hear [Senate Bill 197](#), which proposed to extend the Star Bonds program to 2030.

Tuesday, Senate Assessment and Taxation Committee will hear an update from Legislative Post Audit on TIF Districts audit as well as Revenue Bonds.

The House Committee on Welfare Reform will be hearing [House Bill 2284](#), which would require specific procurement policies for contracts with Medicaid providers while the House Health Committee will also have a hearing on the bill Thursday.

House Federal and State Affairs will have a hearing on Thursday on [SCR 1602](#)- Encouraging the governor to fully cooperate with federal enforcement of immigration laws. The Senate passed the measure by a vote of [31-9](#).