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Kansas Legislative Report, January 27 – 31, 2025

It was only week three of the legislative session, and 163 more bills were introduced. This is typically when committees go into overdrive to meet approaching legislative deadlines. Over 75 hearings are already scheduled for next week.

Monday was the last day for individuals to request bill drafts from the revisor's office, and next Friday is the last day for bill introductions in non-exempt committees. Exempt committees – not subject to legislative deadlines and can introduce and work bills at anytime– are House and Senate Federal and State Affairs, Senate Ways and Means, House and Senate Taxation, and House Appropriations.

Non-exempt committees have two full weeks to complete their work before bills go to the floor and Turnaround break starts on February 20.

Transgender Medical Treatment

The Legislature crossed off one of their top priorities for this year, sending a [bill](#), Help Not Harm Act, to Governor Kelly that bans transition surgery on transgender youth. The bill was fast-tracked this week through committee hearings and House and Senate chamber debates all in three days.

The Governor has vetoed similar bills the past two years, and the Legislature has been unsuccessful in overriding her. This could be the first test to see if the Republican supermajority is united enough to get this issue to the finish line this year. A two-third majority is required to override a Governor's veto. The Senate passed the measure 32-8 and the House 83-35.

Kansas' Economic Competitiveness

A joint committee of the House and Senate Commerce Committee was presented with results from a study conducted on the state's economic competitiveness. Kansas shows modest economic growth, ranking 35th in GDP growth at 8.2% and 44th in job growth at 5.8%. While strong in construction and manufacturing, the state faces challenges with population and workforce, experiencing more people leaving than entering. Key business priorities include tax code reform, workforce growth, regulatory improvements, and affordable childcare.

The presentation highlighted Kansas's strengths: top 10 in housing affordability, strong labor force participation, and positive population change projections. However, the state lags behind neighboring states in payroll growth and tax rates, with electric power capacity emerging as a critical factor in business attraction.

Data Center Incentives

The Senate Commerce Committee heard [Senate Bill 51](#) this week that proposes a sales tax exemption for data centers investing at least \$250 million in Kansas, with proponents arguing it would attract significant private investment and economic development. Supporters highlighted that 30 other states have similar incentives, and Kansas has already missed out on five potential projects. The proposal aims to make Kansas competitive in the tech sector, with potential benefits including job creation, local economic stimulation, and positioning the state as tech-forward.

During the hearing, proponents addressed concerns about water and electricity usage, emphasizing that data centers typically use water comparable to large office buildings, with 80% potentially returning to the source. Speakers from various sectors, including legal, construction, and tech councils, stressed the importance of the incentive in attracting major tech investments and creating additional economic opportunities, noting that each data center job can support seven additional jobs in the local economy.

Property Tax Cuts

The first two of several property tax cut proposals advanced this week. [Senate Bill 35](#) passed the Senate with an overwhelming majority of 38-2 and would eliminate the 1.5 statewide mill levies for the educational and institutional buildings funds. Rather than collecting that through property taxes, that money will be backfilled by the State General Fund beginning in tax year 2026.

The House Tax Committee passed out [House Bill 2011](#), which would increase the residential property exemption from \$75,000 to \$100,000 that is subject to the statewide school finance levy. The bill would also reduce the levy for schools from 20 mills to 18.5 mills in tax year 2025. An annual State General Fund transfer would replace those funds to keep schools whole.

Three Mile City Zoning Authority

Both the House and Senate Local Government Committees heard sister [bills](#) this week that would repeal cities' three-mile extraterritorial zoning authority. Proponents argue that it violates property rights and representation, while opponents emphasize the importance of long-term infrastructure and growth planning. The bill is likely to be assigned to an interim committee for further study.

Kansas Department of Commerce Budget

The Ag and Natural Resources Budget Committee will hear testimony on the department's budget on Monday. The Legislative Budget Committee met late last year and recommended cuts to the department, including a \$1 million cut to Kansas

Tourism's marketing budget. The Sunflower Summer's Program also needs to be funded in the current fiscal year and enhancements need to be made in the FY 2026 fiscal year. With budget pressures looming, both Kansas Tourism and Sunflower Summer's are not likely to see full funding.

Film Tax Credit

Both Film Tax Credit bills will be heard on Tuesday. [Senate Bill 52](#) will be heard in the Senate Commerce Committee and [House Bill 2038](#) will be heard in the House Tax Committee. The bill enacts the Kansas film and digital media industry production development act and provides a tax credit and sales tax exemption to incentivize film, video and digital media production in Kansas. The bill was passed last session but vetoed by the Governor.

Public Fund Investment

On Monday, [House Bill 2152](#) will be heard before the House Financial Institutions Committee. The bill was brought to the Legislature by the Kansas Bankers Association's (KBA) and would enact a requirement that the state of Kansas and local government agencies invest a larger portion of their idle funds in Kansas banks. The KBA is relying on a Fort Hayes State study they commissioned that states local investment in Kansas banks will be a more powerful economic development impact for local communities. However, several local government entities have expressed concerns over this requirement, citing local banks may have difficulty handling these large deposits and a loss of investment income based on lower interest rates paid in Kansas. There are continued discussions between all parties impacted by the legislation that may result in compromise legislation.

Next week Bill Hearings

There are several additional bill hearings next week. Below is a highlight of a few of them:

Monday, House Taxation Committee will have a hearing on [House Bill 2096](#) — Providing for transferability of Kansas housing investor tax credits from the year that the credit was originally issued.

Tuesday, Senate Committee on Taxation will have a hearing on [Senate Bill 109](#) — Providing a remittance credit to retailers for the collection of sales and compensating use tax.

On Wednesday, the House Local Government will hear [House Bill 2099](#) — Permitting periodic inspections by a city or county for code violations of private residential rental housing where the property owner is receiving governmental rental subsidies.

Thursday the House Commerce Committee will have a hearing on [House Bill 2119](#) — Eliminating the Kansas affordable housing tax credit act effective July 1, 2025.

The Senate Ways and Means Committee will consider [Senate Bill 86](#) — Establishing the intercity passenger rail service program and making transfers annually to the passenger rail service revolving fund.

House and Senate Education Committees on Thursday will have hearings on [Senate Bill 87](#) and [House Bill 2136](#) — which both would expand student eligibility under the tax credit for low income students scholarship program, increasing the amount of the tax credit for contributions made pursuant to such program and providing for aggregate tax credit limit increases under certain conditions.