



## **Community Bankers Association of Kansas**

### **Kansas Legislative and Policy Report**

**January 6, 2023**

#### **Overview**

The 2023 Legislative Session begins Monday, January 9<sup>th</sup>. This brief update includes big picture themes we anticipate during the 2023 Session. Below, we also will note some of the possible primary issues and topics. Here, we are focused on the alignment of the Legislature. Next week, we will have the Governor's budget recommendations as well as her legislative priorities from the State of the State and the budget. The Inaugural Ball is Sunday, January 8<sup>th</sup>, and the State of State address will be Wednesday, January 11<sup>th</sup>, at 6:30 PM.

We will begin our regular weekly reports throughout the Session starting Friday, January 13<sup>th</sup>.

Following House elections in November 2022, there is new leadership of the majority Republican party and the minority Democrat party. House Republicans barely retained their supermajority, with the party split now being 85 Republicans (as opposed to 86 after the 2020 election) to 40 Democrats (39 after the 2020 election). It takes 84 votes to override a veto. In early December the two parties elected new leadership and committee assignments, which we detailed in our previous report.

Only one Senate seat was open for election in 2022 to affirm a mid-term appointment of Senator Ryckman from Meade. Additionally, there are now several Senate committee changes following a handful of recently announced resignations, as follows:

- Sen. Gene Suellentrop (R-Wichita) will resign and Chase Blasi, a former Senate staffer to Senate Presidents Wagle and Masterson, will replace Suellentrop.
- Sen. Richard Hilderbrand (R-Baxter Springs) announced his resignation on January 3<sup>rd</sup>. A successor to fill his seat has not yet been appointed. Hilderbrand had served as the Chair of Senate Health. Bev Gossage (R-Eudora) will now serve as Senate Health Chair.
- Senator Tom Hawk (D-Manhattan), a longtime Senator and ranking member of Senate Ways and Means, will also resign and his successor has not yet been appointed.
- Additionally, there have been two notable committee chair changes on the Senate side: Mike Thompson (R-Shawnee), former Chair of Senate Utilities, will replace Rob Olson (R-Olathe) on Senate Federal and State Affairs. Olson had previously chaired Fed and State but will now go back to chairing Utilities.
- There may be a few additional changes on the Senate side announced by the end of the week.

In general, we anticipate the House Republican caucus, as the result of the primary and general elections and affirmed in the selection of leadership, will be more conservative. The House Democrats' new leadership will be more inclined to emphasize points of conflict on policy, funding, and partisan issues. Several House committees will have new leaders, as several chairs retired this year. Additionally, some of the major committees, such as Federal and State Affairs, Corrections, and the Social Services Budget Committee have new chairs. The changes in leadership, and particularly in committee leadership and assignments, should reduce some of the volume of work, particularly in the 2023 non-election year.

The anticipated House Republican leadership's tax, social, and education initiatives will test their two-vote majority. Assuming the Governor vetoes any legislation, the loss of two Republican votes will sustain the Governor's veto. That is a very thin margin for the Republican majority. As we have seen during Governor's Kelly's first term, the sustaining or overriding of vetoes may be the most important governing maneuver for the 2023 legislative session.

Finally, for the past several sessions, the Republican majority leadership in the House and Senate have shown the ability to move quickly and to keep the session focused and brief. Several new chairs and a significant number of new legislators who are fresh to the process may facilitate an expedited session. We expect, and it may just be wishful thinking, the 2023 Session to be brief and not drag out into June. It should also focus on taxes, property taxes, social issues, and efforts to diminish public education and expand non-public education.

All the legislative information is available on the Kansas Legislature website, now updated to reflect the 2023-2024 biennium at this link: <http://www.kslegislature.org/li/>

### **Potential 2023 Financial Institutions Topics**

The following is a list of policy topics we anticipate having attention in 2023:

- ESG: Environmental, Social, and Governance investment policies. Investment group attention to long-term environmental and social impacts, as well as governance structure and organization, related to some specific areas of investment have stirred controversy regarding the value and implications for using ESG to guide investments. This issue has grown steadily over the interim, but the Joint Committee on Pensions, Investments, and Benefits in December cautioned the Legislature in making investment decisions that are better left to KPERs. Regardless, there will almost certainly be a bill introduced by industry folks to address perceived ESG concerns.
- C-PACE (Commercial Property Assessed Clean Energy): This has been introduced over the last several sessions but does not usually advance. The bill seeks to encourage small loans to foster climate and energy efficiency modifications or development. It's used in other states, but does include providing C-PACE loans top position on the mortgage. There may be increased attention on this issue in 2023, but it is unlikely to advance unless the priority lien issue is addressed.
- Changes to social security and retirement income taxation, including possible removal of the \$75,000 social security income cliff and marriage penalty.
- Changes to property valuation and property taxes, and potential debate for decreasing the residential assessment rate, in addition to reviewing valuation processes and making the County Appraiser an elected position.
- Possible changes to commercial valuation.

## **Upcoming Activities**

Meetings of the 2023 legislative session can be viewed live or recorded on both the Legislature's website <http://www.kslegislature.org/li/> and YouTube <https://www.youtube.com/c/KSLegislatureLIVE>

Information regarding committees, membership, agendas, and testimony can be found on the Legislature's website, although meeting documents are not always timely. [http://www.kslegislature.org/li/b2023\\_24/committees/](http://www.kslegislature.org/li/b2023_24/committees/)

*Monday, January 9<sup>th</sup>.*  
First Day of 2023 Session.

## **Wrap Up**

Let us know if you have any questions.

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