



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

January 27, 2025

Overview

The Legislature has wrapped up two weeks of work, transitioning away from informational briefings into bill hearings, which next week's calendar reflects. The House budget committees continue to quickly make their way through a host of state agency budgets seeking the approval of the full Appropriations Committee.

By the end of next week, the budgets for several large state agencies, including the Department of Education, most social services agencies, and a few others, will pass from the subcommittee to the full Appropriations. At this time, there have been no budget hearings on the Senate side, and the rumors that the Senate may simply wait to receive the House's budget may be coming true. The House and Senate have stopped concurrent work on their own budgets before reconciling both chambers' budgets in conference committee. For now, it appears the House will do the heavy lifting and send its budget over to the Senate in a couple weeks and we are not sure what the Senate will do.

Highlights of the Week

1. More bills are getting introduced and the vast majority of them will never be heard given the condensed Session timeline. We will continue to see lots of bills introduced between now and February 7th, which is the last day for most committees to introduce bills. As a reminder, exempt committees, which are the tax, budget, and federal and state affairs committees, can continue to introduce bills throughout Session, but introductions will dwindle significantly after the 7th. We would also note, leadership has encouraged fewer bill introductions in exempt committees, and instead most bills will go through the non-exempt policy committees. This will impact the number of policy bills that are heard and could make for a somewhat slower second half of the Session depending on how fast bills are heard and make it to the opposite chamber by Turnaround.
2. Next week will be a bustling week at the Capitol with Kansas Day activities taking place on Wednesday and bill hearings on a variety of hot button issues from gender-affirming care to school choice measures.
3. So far, there has been little impact from the new administration at the federal level, and legislative work continued this week as normal. We do expect there will be some impact from executive orders and other federal policy changes, but for now, things are quiet. In particular, we expect there to be some significant debates on public health issues such as fluoride.

CBA Topics

Following last week's briefing to the Senate Financial Institutions Committee, CBA this week provided a community banking update to the House Committee. KBA and OSBC also provided their updates as well. Questions in the House Committee mirrored those of the Senate, including questions about the trend of the declining number of community banks, as well as concerns with TEFFI. Commissioner Herndon shared his concerns with the House Committee, and did not mince words when he stated that Beneficient's/TEFFI's "performance has been dreadful," and that its "losses are enormous."

Additionally, SCR 1603, the property tax constitutional amendment, passed out of Senate Tax this week. SCR 1603 would limit property tax valuation increases for real property by utilizing a three percent growth limit per year on appraised valuation. It should see debate on the Senate floor next week, but passage through the Senate is uncertain, and somewhat unlikely. Should it pass the Senate, it is dead on arrival in the House, with Speaker Dan Hawkins having explicitly said this week that the House will do nothing to advance it. In the meantime, House leadership and Tax Committee leadership are working on an alternative proposal, one that may involve a tax lid of some sort. Farm Bureau and Kansas Realtors Association remain opposed due to concerns of inequity in the property tax system.

Legislation of Interest

Information about all bills is available at this link and is searchable by bill number: http://www.kslegislature.org/li/b2025_26/measures/bills/

*Newly introduced bills are in **bold**.

Public Funds

- House Financial Institutions on Wednesday introduced the public funds bill as a Committee bill, as recommended by the Interim Committee.
- The bill will have a hearing in House Financial Institutions on Monday, February 3rd, and Chairman Hoheisel has indicated he intends to work the bill on Wednesday, February 5th. Because the Session timeline is condensed by about three weeks this year, committees that only meet twice a week are particularly short on time to advance bills by Turnaround (February 20th).
- CBA and KBA will meet this week with FHSU to discuss strategy and testimony in preparation for the hearing on February 3rd.
- The credit unions have said at this time that they will not interfere, but we will be closely monitoring.
- The KBA continues to meet with the League of Municipalities and other local government entities to answer questions and some developing concerns about the statutory rate change and potential impact on municipal revenues.

OSBC bills

- (Introduced last week; still awaiting bill numbers):
 - Update the banking code with specific timelines for when banks and trusts must report director changes to the OSBC. The agency is also proposing that any bank involved in a merger transaction resulting in it being dissolved, will have its charter automatically deemed void at the time of the merger.
 - Updates to trust codes so that out-of-state trust companies are held to the same standards as Kansas trusts operating in other states; simplify the process for trusts doing bulk transfers of trust accounts with out-of-state institutions.

ESG

- SB 16: Prohibiting discrimination by financial services companies on the basis of social credit score and requiring registered investment advisers to obtain written consent from clients prior to investing client moneys in mutual funds, equity funds, companies and financial institutions that engage in ideological boycotts.

Other

- **SB 25:** Enacting the insurance savings account act, allowing individuals and corporations to establish insurance savings accounts with certain financial institutions, providing eligible expenses, requirements and restrictions for such accounts and establishing addition and subtraction modifications under the Kansas income tax act.
 - Brought by the Kansas Insurance Department.
 - Hearing in Senate Tax, Wednesday, January 29th.
- SB 34: Authorizing the KPERS board of trustees to invest in bitcoin exchange-traded products and providing requirements, limitations, and definitions regarding such investments.
- SB 39: Establishing the Kansas legal tender act; reaffirming gold and silver coin as legal tender; providing an income taxation subtraction modification for gains from the sale of specie.

Upcoming Activities

The legislative schedule of hearings is updated regularly throughout the week and can be found in the House and Senate calendars on the Legislature website at:

https://kslegislature.gov/li/b2025_26/chamber/calendars/

Additionally, all hearings are now available online live and archived by the end of each day. You can find those hearings on the Legislative YouTube at:

https://www.youtube.com/channel/UC_0NO-Pb96CFABvxDwXAq8A

Monday, January 27th.

House FI. 9:00 AM.

- Kansas Department of Credit Unions and Kansas Credit Union Association presentations.
- Presentations on interim reports, including Joint TEFPI committee and public funds/PMIB; Joint KPERS.

Tuesday, January 28th.

Senate Tax. 9:30 AM.

- Property tax constitution overview.

Senate Chamber Proceedings. 2:30 PM.

- Likely floor debate on SCR 1603: Property tax valuation cap constitutional amendment.

Wednesday, January 29th.

House Financial Institutions. 9:00 AM.

- KPERS overview and update.

Senate Tax. 9:30 AM.

- Hearing on SB 25: Insurance savings accounts.
- Briefing on property tax valuations.

Wrap Up

Let us know if you have any questions.

Shawn P. Mitchell, President
Community Bankers Association of KS
5897 SW 29th Street
Topeka, KS 66614
785-271-1404 Office
shawn@cbak.com
www.cbak.com

Stuart J. Little, Ph.D.
Little Government Relations, LLC
800 SW Jackson, Ste. 1100
Topeka, Kansas 66612
785-235-8187 Office
785-845-7265 Cell
stuartjlittle@mac.com
www.lgrkansas.com

Mallory Lutz
Little Government Relations, LLC
800 SW Jackson, Ste. 1100
Topeka, Kansas 66612
785-235-8187 Office
785-409-8351 Cell