



## **Community Bankers Association of Kansas**

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

**February 17, 2025**

#### **Overview**

Despite a disruptive snowy day on Wednesday, the Legislature continues to advance toward Turnaround with great speed. Monday is the last day for committees to meet to debate and advance bills before the Legislature will spend Tuesday through Thursday debating bills on the floor of their respective chambers. They will conclude work Thursday, take a brief break, and return for the second half on Tuesday, February 25<sup>th</sup>.

This week, we have whittled down what has become an unwieldy bill list. After this week, many of these bills that have not yet had a hearing will not advance this Session. They will still be alive for 2026, but for now they are sidelined. We have removed bills we believe are unlikely to be “blessed” (kept for later debate, despite the deadlines) or that are unlikely to advance. Should a few that we have removed come back into play, we will update our reports accordingly. But for now, we are focusing on bills that are likely to see action next week, and those that are likely to remain in play after Turnaround.

#### **Highlights of the Week**

1. Late Thursday evening, the House Appropriations Committee finalized its budget, following several days of lengthy and at times contentious debate, and further cuts, including to higher education and K-12 education. While the Committee had previously approved a \$30 million increase in special education funding, the Committee trimmed that down Thursday night to a \$10 million increase. Several lawmakers on the committee, of both parties, fought hard to keep the funding at the \$30 million that had been previously approved. Following the \$20 million cut, a Republican lawmaker from Salina attempted to transfer funding from the Attracting Professional Sports Teams Fund in order to increase SPED funding, but that motion failed.
2. The House will take up the budget bill next week, possibly on Tuesday. Given how some of the debates have gone in committee, we anticipate the floor debate on the budget bill this year could be livelier than usual.
3. The House Tax Committee on Thursday held a hearing on HCR 5011, which would limit appraisal increases for residential property to a rolling six-year average of home values across the state or the current fair market value, whichever is less. Proponents include the Kansas Association of Realtors and the Kansas Policy Institute, and Shawnee County Commissioner Aaron Mays also testified in support. The Kansas County Appraisers Association, Kansas Association of Counties, Kansas Livestock Association, Kansas

Association of School Boards, Kansas Chamber, Kansas Grain and Feed, as well as the Leavenworth and Sedgwick County Commissions testified as neutral. Overall, this proposal is seen as more favorable than the Senate's SCR 1603 which caps valuation increases to 3% annually.

4. The Governor this week vetoed SB 63, the anti-gender affirming care bill. The Legislature will override the bill next week.

### CBA Topics

- Committees will hold last-minute bill hearings on Monday, as well as work any bills they choose that are still in their committees. One of the hearings on Monday includes a hearing on HB 2378 that would establish the "removal of squatters act."
  - HB 2378:  
[https://kslegislature.gov/li/b2025\\_26/measures/documents/hb2378\\_00\\_0000.pdf](https://kslegislature.gov/li/b2025_26/measures/documents/hb2378_00_0000.pdf)
- Regarding public funds, the bill, HB 2152, remains in House Financial Institutions Committee. Interested parties are meeting this week in an effort to reach some compromise. We anticipate the committee reconvening the week of February 24<sup>th</sup> to take some action. Given that the bill will not pass the House before Turnaround, House leadership will bless the bill this week.
- On Monday, House Commerce may take action on HB 2119 which would abolish the affordable housing tax credit. The bill was heard earlier this month and had nearly 40 opponents. Chairman Tarwater introduced the bill because some lawmakers are concerned with the overall cost of the program, which turned out to be much higher than initially anticipated.

### Legislation of Interest

Information about all bills is available at this link and are searchable by bill number:  
[http://www.kslegislature.org/li/b2025\\_26/measures/bills/](http://www.kslegislature.org/li/b2025_26/measures/bills/)

\*The newly introduced bills are in **bold**.

#### Public Funds

- HB 2152: [https://kslegislature.gov/li/b2025\\_26/measures/hb2152/](https://kslegislature.gov/li/b2025_26/measures/hb2152/)
- Negotiations between parties are likely this week, followed by further Committee action the week of February 24<sup>th</sup>.

#### OSBC bills

- **SB 139: Banks and trust companies; relating to the state banking code; updating certain definitions, terms and conditions therein; specifying that certain hearings be held in accordance with the Kansas administrative procedure act; updating certain internal references; requiring immediate notification of changes in board members; specifying that the charter of certain banks be deemed void on the effective date of a merger; establishing conditions under which it would be lawful to engage in banking without first obtaining authority from the commissioner.**
  - Heard in FI&I Tuesday, 2/11.
  - Would allow an existing trustee to transfer fiduciary assets to a contracting trustee without written authorization from the originating trustee's board of directors or publication.

- OSBC authority to waive requirements for a trust service office.
- Clarifies requirements for out-of-state trusts to operate in Kansas: “The commissioner may require any nonresident trust company to meet the greater of the requirements stated under the banking code or the laws of the nonresident trust company's home state required for a Kansas trust company to do business in the nonresident trust company's home state.”
- Also addresses trust office relocation within ten miles of the trust company’s existing location.
- KBA testified in support of OSBC’s bill.
- Will be worked Monday in Senate FI&I.

## 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.
  - Exempt (introduced in Federal and State Affairs).

## TEFFI

- HB 2235: Updating provisions of the TEFFI act by making the act part of the state banking code, adjusting and providing certain definitions, reducing the TEFFI charter application fee, authorizing the issuance of certificates and trust certificates, providing for the supervision of TEFFIs by the state bank commissioner and including Kansas nonprofit corporations as qualified charities for the TEFFI income tax credit.
  - Heard in House FI&P Friday, 2/14.
  - Beneficient’s bill to make it even easier for TEFFI to operate in Kansas. The company brought the bill because they have a “major issue” with the application fee. They are seeking a \$50,000 reduction in the application fee.
  - OSBC testified neutral on the bill with several concerns. According to OSBC there is no market for TEFFIs does not exist so there is no reason to change the application fee.
  - HB 2235 would also exempt TEFFIs from keeping track of stock ledgers, stockholder and director minutes, daily statements of conditions, etc., which OSBC is very much opposed to.
  - OSBC concluded in its testimony that if TEFFIs cannot (or “won’t”) produce financial statements like every other financial institution is required to produce, a TEFFI should not be a financial institution. It should be a non-regulated business.”

## 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 (KID).
  - Heard in Senate Tax, Wednesday, January 29<sup>th</sup>.
  - KID, Kansas Credit Union Association, and KBA testified in support. No opponents.
  - Exempt and alive for remainder of Session.

- SB 34: Authorizing the KPERS board of trustees to invest in bitcoin exchange-traded products and providing requirements, limitations, and definitions regarding such investments.
  - Not blessed.
- 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.
  - Introduced in Senate Fed & State; referred to Financial Institutions.
  - No hearing scheduled.
  - Exempt.
- SB 115: Enacting the Kansas bullion depository act to authorize the state treasurer to establish, administer or contract for the administration of bullion depositories and allowing for state moneys to be deposited in such bullion depositories and invested in specie legal tender.
  - Introduced in Senate Fed & State; referred to Financial Institutions.
  - No hearing scheduled.
  - Exempt but unlikely to receive a hearing.
- HB 2281: Establishing the Kanbucks program to authorize the state treasurer to invest in linked deposits with eligible financial institutions to provide linked deposit loans to eligible borrowers and abolishing the Kansas agricultural production, housing, extraordinary utility costs and economic recovery loan deposit programs and the city utility low-interest loan program.
  - Not exempt but would not be surprised if this gets blessed.
- HB 2336: Providing for the apportionment of business income by the single sales factor and the apportionment of financial institution income by the receipts factor, deductions from income when using the single sales factor and receipts factor, the decrease in corporate income tax rates determining when sales other than tangible personal property are made in the state and excluding sales of a unitary business group of electric and natural gas public utilities.
  - Exempt.
- HB 2337: Imposing a fee on each international transaction by a money transmitter by wire, allowing the state bank commissioner to assess penalties for the nonpayment of such fee, providing for the distribution of such fee and penalty moneys, establishing the criminal litigation fund, wire transfer fee fund and prosecutor and law enforcement grant fund and creating a misdemeanor crime of unlawful transmission of a wire transfer and providing criminal penalties therefor.
  - Hearing Monday, February 17<sup>th</sup> in House FI&P.
  - KBI bill.
- HB 2378: Establishing the removal of squatters act, providing a procedure to remove a squatter from a dwelling unit, requiring owners or agents of dwelling units to provide an affidavit to the county sheriff, requiring notice to vacate by the sheriff, establishing the crime of providing a false affidavit and establishing a civil cause of action for wrongful removal of a person from a dwelling unit, allowing attorney fees and punitive damages.

## **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/](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](https://www.youtube.com/channel/UC_0NO-Pb96CFABvxDwXAq8A)

*Monday, February 17<sup>th</sup>.*

House Federal and State Affairs. 9:00 AM.

- Hearing on HB 2378: Establishing the removal of squatters act, providing a procedure to remove a squatter from a dwelling unit, requiring owners or agents of dwelling units to provide an affidavit to the county sheriff, requiring notice to vacate by the sheriff, establishing the crime of providing a false affidavit and establishing a civil cause of action for wrongful removal of a person from a dwelling unit, allowing attorney fees and punitive damages.

House Financial Institutions. 9:00 AM.

- Hearing on HB 2337: Imposing a fee on each international transaction by a money transmitter by wire, allowing the state bank commissioner to assess penalties for the nonpayment of such fee, providing for the distribution of such fee and penalty moneys, establishing the criminal litigation fund, wire transfer fee fund and prosecutor and law enforcement grant fund and creating a misdemeanor crime of HOUSE CALENDAR 25 unlawful transmission of a wire transfer and providing criminal penalties therefor.

- Final action on bills.

Senate FI&I. 9:30 AM.

- Final action on SB 139: OSBC updates to the state banking code.

House Commerce. 1:30 PM.

- Possible final action on HB 2119: Abolishing the affordable housing tax credit.

House Tax. 3:30 PM.

- Possible final action on HB 2096: Transferability of Kansas housing investor tax credits from the year that the credit was originally issued.

## **Wrap Up**

Let me know if you have any questions.

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