



## **Community Bankers Association of Kansas**

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

**March 10, 2025**

#### **Overview**

Things are moving incredibly quickly as the Legislature prepares for just one more full week of the regular committee schedule. First Adjournment ending the regular session is now just three weeks away and there is much to be done before March 28<sup>th</sup>. They must pass a budget, and they hope to pass a property tax relief package. As of right now, the House and Senate seem to still be at odds on property tax relief and we do not expect any resolution on that front until the House works their tax bills and the Tax Conference Committee begins meeting later this month. As for the budget, Senate Ways and Means continues its review of the House budget and further cuts are certain. By the end of next week, the Senate budget bill will be on the Senate floor. Next week, committees will continue to hear bills, but for the most part there will be busy working bills in preparation for floor debate the week of March 17<sup>th</sup>.

In terms of tax relief, it seems there are four proposals as we approach the conference committee process. Some of the options have a higher likelihood of advancing than others. The two-House proposals are more widely favored. Here are the four proposals:

- HCR 5011: Creates a rolling average. If the amendment were to pass in the 2025 general election, the 2026 Legislature would have to pass follow-up legislation creating the six-year rolling average. Valuations of residential property would be determined based on the lesser of the fair market value or the average fair market value of the residential portion.
- HB 2396: Allows limited property tax increases to account for inflation and new growth. Includes a protest petition process if a local government increases property taxes above inflation, where 10% of the voters can vote to stop the tax increase. If cities and counties stay below inflation, they receive a disbursement from a \$60 million state fund.
- SCR 1603: Caps annual valuation at 3%. Has passed the Senate but will not advance in the House.
- SB 280: Requires the approval by a majority of electors voting at an election in order for the governing body of any taxing entity to increase its total amount of property tax to be levied by more than the annual rate of inflation.

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

1. Senate Ways and Means this week made it through most agency budgets. Today the Committee will begin making formal recommendations to the House budget and we

expect there will be further cuts to agency budgets. The Committee should wrap up its review and recommendations by next Wednesday or Thursday. Then, the budget heads to the full Senate for debate, before beginning the budget conference process the following week.

2. This week, the House Appropriations Committee advanced Senate Bill 14, which is similar to the federal budget continuing resolutions that provide short-term extensions of the existing budget. The advancement of SB 14 might suggest that the Legislature is not entirely confident the Governor will sign whatever budget eventually lands on her desk; thus, SB 14 would provide funding ensuring that state operations can continue uninterrupted.
3. Following last week's contentious committee hearing on SB 254, the Senate Federal and State Affairs Committee advanced the bill, which deals with non-citizen access to public benefits that was brought by the Attorney General. It would severely restrict services to non-citizens and require local agencies and municipalities to verify citizenship and cooperate with homeland security. Despite widespread opposition, the bill is advancing and could be debated in the Senate sometime next week or the following.

### **CBA Topics**

- House Financial Institutions worked the public funds bill, HB 2152, on Monday, and adopted the compromise amendment that eliminates any bond and rate changes. The amended bill can be found [here](#). The bill will run on House General Orders on Monday. Then, Senate Financial Institutions plans to hear the bill Thursday.
  - The bill is now a substitute bill, Sub for HB 2152, because of the substantive changes made with the adoption of the compromise language. The [supplemental note](#) details the specific changes on pages 13-17.
- House Financial Institutions held an informational hearing on HB 2089 on Monday. The bill is not exempt, so it was purely an informational hearing. HB 2089 would enact the consumer inflation reduction and tax fairness act and exempting the portion of a credit card transaction constituting a tax or gratuity from assessment of the fee charged by the card issuer.
  - [https://kslegislature.gov/li/b2025\\_26/measures/documents/hb2089\\_00\\_0000.pdf](https://kslegislature.gov/li/b2025_26/measures/documents/hb2089_00_0000.pdf)
  - The bill was requested by NFIB, who testified in support, along with the National Association of Convenience Stores and Fuel True, the state's trade association for convenience stores and fuel retailers. The bill will go nowhere this session or next.
  - In addition to KBA's opposition, the Kansas Credit Union Association and Electronic Payments Coalition testified in opposition. Opponent testimony focused on liability concerns not only for financial institutions, but also for the state; creating an unlevel playing field for community banks; the deductibility of interchange fees on taxes and tips on state and federal income taxes; and increased vulnerability to fraud and decreased credit availability.
  - The representative from the Electronic Payments Coalition highlighted the legal challenge to Illinois law that was recently passed and noted that the Comptroller of the Currency filed a friend of the court brief, calling the legislation "ill-conceived, highly unusual and largely unworkable." His testimony also included the Comptroller's concerns that "fraud risk would increase significantly, consumer services would be constrained, and public trust would decline."

## Legislation of Interest

Information about all bills is available [here](#) and is searchable by bill number.

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

### Sub for HB 2152: Public Funds

- Advanced out of Committee with compromise amendment. Action on House floor early next week, following by a hearing in Senate FI&I next Thursday, March 13<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.
  - Passed the Senate unanimously.
  - Heard in House FI&P on Wednesday, 3/5. Final action scheduled for Monday, March 10<sup>th</sup>.

### Other

- HB 2089: Would enact the consumer inflation reduction and tax fairness act and exempting the portion of a credit card transaction constituting a tax or gratuity from assessment of the fee charged by the card issuer.
  - Not alive for remainder of Session. However, House FI&P held an informational hearing on the bill on Monday, March 3<sup>rd</sup>.
- 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>.
  - Exempt and alive for remainder of Session.
- 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.
  - Heard in House Tax Wednesday at 3:30.
  - HB 2336 would allow financial institutions to elect to apportion business income by the taxpayer's receipts factor for tax years 2025 through 2027.
  - The Kansas Chamber and several of its larger members offered testimony in support. The Kansas Bankers Association offered written proponent testimony which can be found here:  
[https://kslegislature.gov/li/b2025\\_26/committees/ctte\\_h\\_tax\\_1/misc\\_documents/download\\_testimony/ctte\\_h\\_tax\\_1\\_20250226\\_05\\_testimony.html](https://kslegislature.gov/li/b2025_26/committees/ctte_h_tax_1/misc_documents/download_testimony/ctte_h_tax_1_20250226_05_testimony.html)
  - The Chamber noted the significant fiscal note (\$115 million just in the first year) and said it had an amendment to reduce the fiscal note.

- 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.
  - Passed the House 114-8 on Thursday, March 6<sup>th</sup>.
  - The House further amended the bill to remove language from the legislative findings regarding whether squatting is considered a crime, and removed language that would allow law enforcement to arrest persons found in a dwelling unit for certain crimes or for an outstanding arrest warrant.
  - [Bill summary](#) as amended.

## Housing

- HB 2119: Eliminating the Kansas Affordable Housing Tax Credit Act effective July 1, 2025.
  - Despite widespread opposition, passed the House 85-36.
  - Heard in Senate Commerce this week. Amendment to cap the program instead of abolishing it, is in the works.
- HB 2096: Providing for transferability of Kansas housing investor tax credits from the year that the credit was originally issued.
  - Passed the House this week 111-6.
  - Hearing in Senate Tax next week.
- HB 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.
  - Advanced out of House Local Government on 2/14 with the following three amendments:
    - Applies only to City of Topeka.
    - 5-year sunset.
    - Applies only to property owners receiving HUD funding in particular.
    - Passed the House 111-12.
  - Heard in Senate Local Government on Tuesday, March 4<sup>th</sup>.

## 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, March 10<sup>th</sup>.*

House FI&P. 9:00 AM.

- Informational briefing on linked deposit loan program. (Bill was [HB 2281](#), which is not alive for this Session, but will be for the 2026 Session).
- Final action on SB 139: OSBC's updates to the state banking code.

House General Orders. 11:00 AM.

- HB 2152 public funds on House floor for debate.

*Tuesday, March 11<sup>th</sup>.*

Senate Tax. 9:30 AM.

- Hearing on HB 2096: Transferability of Kansas Housing Investor Tax Credits from the year that the credit was originally issued.

*Wednesday, March 12<sup>th</sup>.*

*Thursday, March 13<sup>th</sup>.*

Senate FI&I. 9:30 AM.

- Hearing on HB 2152 public funds.

### **Wrap Up**

Let me know if you have any questions.

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