



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

January 22, 2024

Overview

Week two saw some additional disruptions due to extreme weather and a boil water order in Shawnee County, but it is evident the pace is picking up. Bill introductions are increasing, committees are scheduling more bill hearings, and a tax package is on its way to the Governor.

Highlights from the Week

1. The Tax Conference Committee quickly negotiated a comprehensive tax relief package that includes the following:
 - a. Flat tax rate of 5.25%,
 - b. Indexing of the standard deduction,
 - c. Exempting social security income from taxation,
 - d. State food sales tax to 0% by April 1st, 2024,
 - e. Increasing the 20 mills statewide school levy residential exemption from \$40,000 to \$100,000.
 - f. Reduction in the privilege tax rate for banks.
 - g. A summary of the tax conference committee report (CCR) can be found here: https://kslegislature.org/li/b2023_24/measures/documents/ccrb_hb2284_01_1162_024.pdf (The privilege tax piece can be found on pages 2-3 of the summary).
 - h. The tax package includes a mix of both Republican and Democrat priorities, to entice the Governor to approve the legislation. However, that is doubtful, as the Governor has consistently stated she will never support a flat tax.
2. The House and Senate passed the bill to the Governor on January 18th. Furthermore, should the Governor veto the tax package, it is doubtful the Senate will be able to override the veto. It will be close. The tax bill passed the Senate 25-11, with two Democrats and two Republicans absent, though one of the Republicans is a former Independent who likely does not vote to override. The Senate needs 27 votes to override a veto. All that to say, it will be some time before the Legislature and Governor come to an agreement on tax relief.

Big Picture Issues

Session Timeline

- Several things this week continue to indicate a likely expedited Session—most notably, an expedited budget process. The Chair of House Appropriations Committee this week announced that the Budget process will be wrapped up by March 1st, just after

Turnaround/Midpoint of the Session, which is at least a couple of weeks earlier than usual.

- Such an expedited budget process also suggests there may be less appetite than usual to get mired in debate on various controversial topics, and to keep debate as efficient as possible for an early adjournment.

What's Next

- We anticipate a gubernatorial veto within the next several days on the tax conference committee report (CCR 2284). The Senate would then likely attempt an override, but it remains to be seen whether that is possible. If an override fails, then it is back to the drawing board for the Conference Committee.
- Budget hearings for smaller state agencies began this week and will continue next week, with hearings for the largest state agencies beginning the first week of February.
- The holidays and weather disruptions mean most of the policy bills have been slow to appear on committee calendars, but they are coming.
- There is a hearing on a constitutional amendment, HCR 5020, next week in House Federal & State Affairs, which is likely to draw a significant amount of public attention. HCR 5020 is a constitutional amendment to amend section 4 of the Kansas bill of rights to recognize the right to bear arms as a fundamental right that includes the possession and use of ammunition, firearm accessories and firearm components, and that any restrictions on such right are subject to the strict scrutiny standard.
 - It is likely this will pass out of Committee, but there may not be enough votes in the House to reach the required two-thirds majority for passage of a constitutional amendment.

CBA Topics

This week, CBA provided its community banking update to Senate FI&I, as did KBA. Additionally, the privilege tax reduction provision, included in the tax conference committee package, is on its way to the Governor's desk, though it is doubtful the Governor will sign the deal. Our report this week is relatively light, until bills of interest get introduced and scheduled for action. Next week, both financial institutions committees will turn much of their attention to KPERS.

2024 Legislation Awaiting Introduction

- UCCC modernization. No introduction yet.
- Credit Union legislation. Kansas Credit Union Association introduced its legislation in House Financial Institutions this week and introduced it as a "credit union statute modernization bill."
- OSBC introduced its bill in House Financial Institutions, which modifies the state banking code.
- The Kansas Insurance Department also introduced legislation in House FI to protect vulnerable adults from financial exploitation.

HB 2345

- HB 2345 is a bill concerning supported decision-making and would enact the supported decision-making agreements act to provide a statutory framework for adults who want decision-making assistance.
- Bill text here:
https://kslegislature.org/li/b2023_24/measures/documents/hb2345_00_0000.pdf

- This legislation, or similar forms of it, has been introduced and heard several times in the past few sessions. KBA, along with the Kansas Bar Association, testified in opposition, due to concerns they have had with the proposal in previous years. Opponents share the opinion that this issue is likely best handled at the Judicial Council.
- In short, KBA’s testimony concerned the practical realities of the bill, as well as that they believe much of this is already allowed under current law.
- KBA’s testimony can be viewed here, as well as suggestions for language changes, should the legislation move forward:
https://kslegislature.org/li/b2023_24/committees/ctte_h_jud_1/misc_documents/download_testimony/ctte_h_jud_1_20240117_20_testimony.html

Upcoming Activities

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

http://kslegislature.org/li/b2023_24/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 22nd.

House Financial Institutions. 9:00 AM.

- KPERS Overview.

Wednesday, January 24th.

Senate FI&I. 9:30 AM.

- Hearing on SB 345: Enacting the commercial financing disclosure act.

Thursday, January 25th.

Senate FI&I. 9:30 AM.

- KPERS Overview & Update.

Wrap Up

Let us know if you have any questions.

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