



## **Community Bankers Association of Kansas**

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

**February 23, 2024**

#### **Overview**

We have officially reached the midpoint of the Session. Unlike the last couple of years, we have largely avoided, at least up until this point, debate on hot-button issues such as school choice, abortion, and other social issues. Some of that may change the second half of the Session, but thus far—this week included—the Legislature has worked expeditiously to make progress on assembling the budget while avoiding time-consuming debate on other matters. This has easily been one of the most efficient Turnaround weeks we have seen in some time. Legislators will now enjoy a long weekend, returning on Wednesday to resume committee hearings. Many committees will only meet on Thursday next week, so work will be somewhat slow to resume, with things back in full swing the week of March 4<sup>th</sup>. At that point, we will be just about a month away from First Adjournment.

#### **Highlights from the Week**

- Undoubtedly, the biggest news of the week was the House’s failure to override the Governor’s veto on the tax bill, CCR 2284. The House failed by three votes to override the veto after five Republicans broke the slim Republican supermajority.
  - The vote breakdown can be viewed here:  
[https://kslegislature.org/li/b2023\\_24/asures/vote\\_view/je\\_20240220115704\\_889362/](https://kslegislature.org/li/b2023_24/asures/vote_view/je_20240220115704_889362/)
- It is not entirely clear what might happen next with a tax relief plan, but there are efforts in the works. The Senate Tax Committee this week after the failed veto override, emptied the contents of SB 377, the Governor’s tax relief bill, and inserted the contents of CCR 2284, with a few changes. Specifically, the Committee removed the social security income taxation cliff, in addition to preserving the other contents of CCR 2284 including the flat tax. The Senate Tax Committee advanced that proposal, but it has yet to advance to the full Senate for debate.
  - With the failed override attempt, the privilege tax rate reduction is stalled at the moment. Resolution on all these tax issues will not get resolved until the end.

#### **Big Picture Issues**

This has been one of the fastest, most expedient Turnaround weeks in recent history, with both chambers avoiding controversial issues, for the most part. There are issues still held below the surface of active debate. The belief that a quick tax package would become law is now destroyed.

It is yet to be determined if the tax override failure leads to resigned acceptance that the Session should be concluded easily, and all outstanding issues will become campaign issues. On the other hand, we should see fairly quickly in March if the tax failure splits the general consensus to avoid controversial issues and tax, spending, and social issues emerge, and the Session devolves into multiple battles making a conclusion more difficult.

### Session Timeline

- Next week is an abbreviated week, with the Legislature returning Wednesday, February 28<sup>th</sup>. Many committees will not meet on Wednesday, and just hold meetings on Thursday.
- First Adjournment is set for Friday, April 5<sup>th</sup>, and we anticipate an expedited Veto Session at the end of April.

### What's Next

- The Legislature will enjoy a long weekend, before returning Wednesday for some brief committee work. The week of March 4<sup>th</sup> will be much busier, as committees work to hear and advance bills that have made it to the opposite chamber.

### CBA Topics

The UCCC bill continues to make its way through the process with relative ease, passing the Senate this week 33-6. (Vote breakdown here: [https://kslegislature.org/li/b2023\\_24/asures/vote\\_view/je\\_20240222105603\\_652255/](https://kslegislature.org/li/b2023_24/asures/vote_view/je_20240222105603_652255/))

### Legislation of Interest

UCCC Modernization (Sub HB 2247)/House Version has also been introduced, HB 2812.

- Introduced in Senate FI&I on Wednesday, January 24<sup>th</sup>.
- SB 495 (now Sub HB 2247): [https://kslegislature.org/li/b2023\\_24/asures/sb495/](https://kslegislature.org/li/b2023_24/asures/sb495/)
- Heard in Senate FI&I on Tuesday and Wednesday, February 13<sup>th</sup>-14<sup>th</sup>.
- CBA submitted written proponent testimony.
- OSBC and KBA testified in support.
- The Kansas Manufactured Housing Association testified neutral with some concerns regarding personal property manufactured home loans, which OSBC will address administratively.
- Senate FI&I inserted the contents of SB 495 into a House “shell,” HB 2247. Now that it has passed the Senate because it is in a House bill, the House now has the opportunity to simply concur, and it could be on its way to the Governor. Before that happens, there will be a courtesy hearing in House FI&P.
- Passed the Senate 33-7 on February 22<sup>nd</sup>.

### OSBC Legislation

- HB 2560: Providing when applications under the state banking code are considered abandoned or expired and allowing an originating trustee to have such trustee's principal place of business outside of Kansas.
  - Heard in House FI&I Monday, February 5<sup>th</sup>.
  - Provisions of HB 2560 are included in the UCCC bill, SB 495 (now Sub HB 2247).
  - HB 2560 deals with applications that are considered abandoned or expired and streamlines the process for OSBC. Currently, it takes a long time for OSBC to review pending applications that have been approved but the bank or trust may

not yet be engaged in activity. Under current law, OSBC can request a withdrawal; however, OSBC cannot demand a withdrawal. This legislation allows OSBC to move on from an application that has not met all the requirements.

- Additionally, HB 2560 modifies a trust statute to remove some inefficiencies caused by current law that requires both the contracting and originating trustee to both be located in Kansas in order to do a bulk transfer.
- Passed the House 119-0 on 2/22.

#### Credit Union Statute Modernization

- HB 2561: Authorizing domestic credit unions to operate outside of the state, providing civil penalties for certain violations, allowing the administrator to enter into informal agreements, removing requirements regarding duplicate filings, establishing appeals procedures for suspended credit and supervisory committee members, and requiring the members of a merged credit union to approve such merger.
- Heard in House FI&I on Wednesday, January 31<sup>st</sup>.
- Allows domestic credit unions to do business outside of Kansas if permitted by laws of the other jurisdiction. In short, it simplifies the merger process, clarifies the enforcement authority of the Department of Credit Unions, and removes the barrier of operating solely within state boundaries.
- Adds three new sections to state credit union code and makes some amendments to remove requirements regarding duplicate filings; establishes appeals procedures when suspended credit union supervisory committee member and changes some approvals for credit union mergers.
- Passed out of House Financial Institutions on 2/6 without amendment.
- Passed the House on February 15<sup>th</sup>, 114-3.
- Hearing in Senate FI&I on Wednesday, February 28<sup>th</sup>.

#### Other Financial Institutions-Related Legislation

##### SB 446 Foreign Land Ownership

- SB 446: Legislation brought by the Attorney General that would prohibit acquisitions of ownership interests in certain Kansas real property by foreign individuals and entities unless authorized by the state land council and establishing the state land council.
- Heard on February 7<sup>th</sup> in Senate Federal & State Affairs.
- All major agriculture groups are strongly opposed.
- Several issues with the bill, including broad language, would make it nearly impossible to enforce.
- Exempt and alive for remainder of Session.

##### HB 2722 MCC (Merchant Category Codes) Legislation

- HB 2722: Enacting the second amendment financial privacy act, prohibiting financial institutions from using a firearms code to engage in certain discriminatory conduct and surveilling, reporting, or tracking the purchase of firearms and ammunition, authorizing the attorney general to investigate and enforce violations of such act and providing a civil penalty for violations thereof.
- Modeled from Texas legislation that was passed into law last year. Prohibits transactions at firearm retailers from being tracked with a specialized merchant category code (MCC). Because these codes are transacted through banks, who have no control over the codes, banks could be fined under this legislation as it is written.

- Introduced by Rep. Bryce (R-Coffeyville).
- Not exempt and is dead.

#### SB 494/HB 2757 Adoption Savings Accounts

- Enacting the adoption savings account act, allowing individuals to establish adoption savings accounts with certain financial institutions, providing eligible expenses, requirements and restrictions for such accounts and establishing addition and subtraction modifications for contributions to such accounts under the Kansas income tax act.
- Exempt.
- HB 2757 heard in House Tax on Tuesday, February 20<sup>th</sup>.
- Proponents included Senator Blasi (R-Wichita), Representative Estes (R-Wichita), the State Treasurer, as well as Heartland Credit Union Association and KBA.

#### SB 512 ESG

- Prohibiting insurance companies from using environmental, social and governance criteria in the process of writing contracts of insurance, indemnity, or suretyship, authorizing the attorney general or the county attorney or district attorney where a violation occurred to enforce such prohibition and providing a civil penalty for violations thereof.
- Exempt.

#### HB 2345 Supported Decision-Making

- 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.
- No movement on the bill.
- Exempt.

#### Kansas Specie Legal Tender Act

- SB 513/HB 2729: Enacting the Kansas specie legal tender act and the Kansas bullion depository act, authorizing the state treasurer to approve electronic currencies backed by specie legal tender and 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.
  - HB 2729 will be heard in House Financial Institutions on Monday, Feb. 19<sup>th</sup>.
  - SB 513 will be heard in Senate Fed & State Affairs on Monday, Feb. 19<sup>th</sup>.
  - Requested by Senator Thompson on the Senate side.
  - Sponsored by coalition of thirty lawmakers on the House side, including conservative Republicans and a handful of Democrats:  
[https://kslegislature.org/li/b2023\\_24/measures/documents/hb2729\\_00\\_0000.pdf](https://kslegislature.org/li/b2023_24/measures/documents/hb2729_00_0000.pdf)
  - Legislation is unlikely to advance on the House side, but some uncertainty remains that it could advance out of Senate Federal & State Affairs.

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

*Monday—Tuesday, February 26<sup>th</sup>-27<sup>th</sup>.*  
No Session.

*Wednesday, February 28<sup>th</sup>.*

House FI&P. 9:00 AM.

- Informational hearing on Building the Housing Supply for all Kansans.

Senate FI&I. 9:30 AM.

- Hearing on HB 2561: Credit Union bill.

*Thursday, February 29<sup>th</sup>.*

## **Wrap Up**

Let us know if you have any questions.

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