



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

March 11, 2024

Overview

It was a relatively busy week, with both budget committees finalizing their budgets, a significant step as we approach the downhill slope of the Session. It is expected both chambers will debate their budgets on the floor next week (likely Wednesday). Then, the Budget Conference Committee will get to work the following week negotiating and reconciling their budgets, before the Legislature adjourns now in less than a month, on April 5th.

The budget quickly moved this week but action and movement on many policy committees did not keep up. Some committees met only two days and heard few bills. The full House and Senate took action on a very small number of bills. This is the second week of slow action, and the pressure will build for more hearings and floor action as time begins to run short.

Highlights from the Week

- Despite a Medicaid Expansion rally held at the Statehouse on Wednesday, there were still no signs of the promised hearing on Medicaid Expansion in House Health Committee. There are just two full weeks left of committee work for that to happen.
- A new comprehensive tax bill was introduced that is already scheduled for a hearing next week in Senate Tax.
- Both the House Appropriations and Senate Ways and Means Committee advanced the state's budget to floor action and eventual resolution.

Session Timeline

- Two more full weeks of committee work, then floor debate the week of March 25th. Conference committees and floor debate will take place the week of April 1st until the Legislature adjourns on Friday, April 5th.
- There is still some speculation as to whether a) there will be a Veto Session and b) just how long said Veto Session may last. Should the Legislature return for a Veto Session, expect it to be short.

What's Next

- Expect an extremely busy week next week, between debate on the budget bill, a hearing on the next iteration of the tax relief bill, and committees hearing and taking action on bills before the next deadline fast approaching in two weeks.

CBA Topics

This week will be busy, with the House Financial Institutions Committee hearing the UCCC bill, and Senate Tax tackling a new tax relief bill, which includes the privilege tax rate reduction. Additionally, one new issue has emerged with the introduction of HB 2823 concerning the residential landlord tenant act. HB 2823 would create an expedited process for the eviction of unauthorized persons occupying a rental dwelling unit and amend the residential landlord tenant act to require rental agreements to include a list of all persons who will occupy the rental dwelling unit. House Federal & State Affairs will hear the bill on Wednesday. Lastly, KBA will also provide a presentation to the House Financial Institutions Committee on Wednesday regarding public funds.

Legislation of Interest

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

- Introduced in Senate FI&I on Wednesday, January 24th.
- SB 495 (now Sub HB 2247): https://kslegislature.org/li/b2023_24/measures/sb495/
- Heard in Senate FI&I on Tuesday and Wednesday, February 13th-14th.
- CBA submitted written proponent testimony.
- OSBC and KBA testified in support.
- 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, and 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 22nd.
- HB 2812 will be heard in House FI&P on Monday, March 11th.

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 5th.
 - 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 of 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.
 - Heard in Senate FI&I Tuesday, March 5th.

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 31st.
- 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 15th, 114-3.
- Heard in Senate FI&I on Wednesday, February 28th.

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 7th in Senate Federal & State Affairs.
- All major agriculture groups are strongly opposed.
- Several issues with the bill, including broad language that would make it nearly impossible to enforce.
- Exempt and alive for remainder of Session.

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 20th.
- 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. 19th.
 - SB 513 will be heard in Senate Fed & State Affairs on Monday, Feb. 19th.
 - 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
 - Legislation is unlikely to advance, especially on the House side. There is a chance it will pass out of Senate Federal & State Affairs, but the Committee is especially divided on the issue, and it may not have the support it needs to advance.

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, March 11th.

House FI&P. 9:00 AM.

- Hearing on HB 2812 UCCC.

Tuesday, March 12th.

Senate Tax. 9:30 AM.

- Hearing on SB 539 new tax relief bill. Includes the privilege tax rate reduction.

Wednesday, March 13th.

House Fed & State Affairs. 9:00 AM.

- Hearing on HB 2823 eviction bill.

House FI&P. 9:00 AM.

- Informational hearing on “Public funds pooled collateral and linked deposit loan program modernization,” by the KBA.

Wrap Up

Let us know if you have any questions.

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