



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

April 01, 2024

Overview

One week remains in the regular session. Almost every key issue is unresolved, and the end of the regular session is next Friday, April 5th. The Legislature faces a long week of work on everything. Issues could be carried over to the Wrap-Up session on April 29th, but that plan invites even more challenges and chaos, delaying the end of the session.

In keeping with the trend of this Session's odd pace, much happened this last week, but also a lot of things did not happen. The House unanimously passed its tax bill without a flat tax, but the Senate referred the bill to its tax committee, likely slowing resolution of tax differences. The issue of a flat tax remains the sticking point. The House unanimously passed its bill that includes a two-tiered bracket, and the Senate's version included a phased-in flat tax. While it is not exactly clear what the Senate's next move is, it is clear there will be a tax conference committee next week, that probably includes many of the components from the House proposal. The House tax bill includes an increased residential homestead exemption from \$40,000 to \$100,000 and expedites elimination of the state sales tax on food to 0% by July 1, 2024. Additionally, the House also amended the bill to immediately eliminate state income tax on social security income, as opposed to a phased in approach.

https://kslegislature.org/li/b2023_24/measures/documents/supp_note_sb300_02_0000.pdf

Highlights from last Week

- In an unexpected turn, the Budget Conference Committee did not begin negotiations. They met Monday to read the lengthy list of negotiable items in the mega-budget bill, but did not meet again, which leaves just five days next week for them to negotiate the entire budget. We expect plenty of late nights and early mornings to make that happen.
 - To see the 19-page list of items awaiting resolution in conference:
https://klrd.org/wp-content/uploads/2024/03/ConferenceComparison-0325_0830.pdf
- The Governor now has several bills sitting on her desk, awaiting either her approval or her veto pen. One that is headed for a veto is Sub SB 233, which prohibits gender-affirming care for children. However, the legislation cleared both chambers with veto-proof majorities, so the Administration has its hands full if it hopes to avoid a veto-override.

What's Next

- This week will be incredibly busy with conference committee meetings, especially since there were almost no conference committees that met this week. Conference Committees to watch include Budget, Tax, Health, Judiciary, Education, Commerce, and others.
- The budget and brokering a tax compromise are two of the biggest tasks the Legislature has in store next week, not to mention all the other conference committee work. More than likely the last day could stretch well into Saturday before they wrap up. They must end April 5th, but a “legislative day” sometimes lasts longer than twenty-four hours.
- Once adjourned, the Legislature goes home for three weeks, and will return Monday, April 29th for the Wrap-Up/Veto Session. The Budget Committees will likely return the week before, the 25th and 26th, to work on the Omnibus Budget, to reflect further changes based on Legislation that passed, and any other outstanding budget items.

CBA Topics

There are just a few latest updates on relevant financial institution-related legislation from last week. The privilege tax rate reduction remains unresolved, as it is included in both House and Senate tax relief proposals, which will not be determined until the very end in Tax Conference. Additionally, on Friday, the Governor signed HB 2247, updates to the UCCC, into law.

On Tuesday, KBA, the State Treasurer, Kansas Association of Counties, and League of Municipalities participated in a webinar regarding public funds to discuss the centralized collateral pool proposal. The Treasurer provided an overview of the Pooled Money Investment Board (PMIB) site and the process for local units to invest through the Municipal Investment Pool (MIP). KBA’s presentation focused on the declining trend of headquartered banks in Kansas, and solutions for sustaining the local banking model, including changes to the MIP rates, as well as the single bank pooled collateral (SBPC) program.

- More information about Nebraska’s SBPC program, along with additional information about MIP and PMIB, can be found here: <https://ksbankers.com/wp-content/uploads/2024/03/Nebraska-Pooled-Collateral.pdf>
- The webinar recording can be viewed here: <https://portal.ksbankers.com/userfiles/Education-Training/2024JointPublicFundsWebinar.mp4>

Legislation of Interest

UCCC Modernization (Sub HB 2247).

- Introduced in Senate FI&I on Wednesday, January 24th.
- 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.
- Senate FI&I inserted the contents of SB 495 into a House “shell,” HB 2247.
- Passed the Senate 33-7 on February 22nd.
- The House concurred with the Senate version, Sub HB 2247, 111-11 on March 14th.
- Signed by the Governor on Friday, March 29th.

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 a trustee's principal place of business outside of Kansas.
 - 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.
 - Passed both chambers and headed to conference committee.

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.
- Signed by the Governor on March 29th.

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.
- While SB 446 is dead, the House this week passed a number of bills addressing foreign adversaries and foreign land ownership. While seen not quite as problematic as the Senate bill, should these bills become law, there will undoubtedly be legal challenges. One bill prohibits government agencies, including local law enforcement, from using drones manufactured in countries of concern. Another bill, Sub SB 172, prohibits citizens from "countries of concern" from owning property within 150 miles of a military base. And a third bill requires KPERS to divest from any "countries of concern."
 - Summary of the three bills: <https://kansasreflector.com/2024/03/27/kansas-house-bills-target-foreign-adversary-drones-investments-and-property-ownership/>

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.
- HB 2757 passed the House 122-1. Eligible for conference committee.

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, April 1st—Friday, April 5th.

- Conference Committees.
- Approval of Conference Committee Reports (CCRs) in both chambers throughout the week.

Friday, April 5th.

- First Adjournment.

Wrap Up

Let us know if you have any questions.

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