



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

End of Regular Session

April 10, 2024

Overview

After an exceptionally long week, the 2024 Legislature adjourned early Saturday morning. The Legislature now takes an almost three weeks break before returning on Friday, April 26th, to begin the Veto/Wrap-Up Session a few days early. Veto Session was previously scheduled to commence on Monday, April 29th, but the Legislature will come back the 26th and adjourn no later than Tuesday, April 30th. There are a few notable issues yet to be resolved during the Veto Session, including final passage of a K-12 budget bill, which was agreed to late Friday night but did not pass either chamber before the Legislature adjourned on Saturday.

Highlights from the Week

- The Legislature sent the Governor a tax plan that reduces income tax rates from three to two tiers and lowers the rates; ends the sales tax on food July 1st; eliminates the tax on social security; and increased standard deductions and exemptions. We shall see what the Governor does with it.
- The tax agreement follows several days of passing and killing agreements. On Thursday afternoon, the House failed to pass a Senate bill that had passed 39-1. Previously, the Senate killed the House compromise tax plan that had passed 123-0. Late Friday night both chambers managed to pass the final tax agreement.
- The state budget, minus the K-12 funding, passed, and is headed to the Governor. The House narrowly passed 65-58 the education budget/policy bill, however the Senate killed it 12-26. The legislature Education conference committee met late into Friday night to renegotiate the next plan, but the package failed to run in either chamber before the Legislature left. The plan should pass in the wrap-up session with less controversy.

What's Next

- The Budget Committees will return one day prior to the full Legislature for a joint meeting on Thursday, April 25th to hear the state's latest economic forecast and deliberate on amendments to the budget. In a somewhat unusual move, the Legislature's early return to Topeka on Friday the 26th allows them to work through the weekend to conclude its business. Sine Die, the non-negotiable end to the 2024 Session, is set for no later than Tuesday, April 30th. So, there is a good amount of work to be done in the short window when they return.

- Resolution of tax plan, pending the Governor’s response, and the budget, except for K-12 education funding, means that nothing “must pass” during the wrap up session except education.
- Because the Legislature intends to adjourn “sine die” April 30th, they are not coming back until January 2025. Any bill the Governor vetoes cannot be overridden unless a special session is called.
- Finally, there was a great deal of activity in the last week and late evenings for us, but also for the Legislature’s staff. We have done our best to capture everything that transpired. If we have not, and need to make edits or corrections, we will send an updated report.

CBA Topics

It was a rollercoaster of a week for the tax relief package, and ultimately for the privilege tax rate reduction. After the House somewhat unexpectedly rejected the Senate’s near unanimous passage of a tax relief deal, it was back to the drawing board for the tax conference committee. By Friday night, a new deal was reached, and the privilege tax rate reduction is tucked safely in CCR on HB 2036 that passed both chambers and is headed to the Governor. There is some uncertainty as to whether she plans to sign the legislation or not, given the price tag. Should she veto it, the wrap-up session will be exponentially more interesting.

Legislation of Interest

CCR on HB 2036 (tax relief plan)

- Includes many of the provisions that have been discussed all Session:
 - Reduction of the privilege tax rates. Normal rate for banks reduced from 2.25% to 1.94% for tax year 2024 and all years thereafter; normal rate for trusts and savings and loans from 2.25% to 1.93% for tax year 2024 and going forward.
 - Elimination of the state sales tax on food by July 1st.
 - Elimination of state income tax on social security.
 - Two-tiered tax bracket: 5.15% and 5.55%.
 - Increases in the standard deduction and personal exemption.
 - Decreases the statewide 20 mill school levy to 19.5.
 - Increases the residential exemption from \$40,000 to \$100,000.
- Summary:
 - https://kslegislature.org/li/b2023_24/measures/documents/ccrb_hb2036_03_04052024.pdf
- Passed the House unanimously and the Senate 24-9.
- Unclear if the Governor will sign, given it exceeds the fiscal note she was comfortable with, and the state’s budget director estimates the plan puts the state about \$400 million in debt by 2029.

UCCC Modernization (Sub HB 2247).

- Summary:
 - https://kslegislature.org/li/b2023_24/measures/documents/supp_note_hb2247_02_0000.pdf
- Signed by the Governor on Friday, March 29th.

OSBC Legislation/Foster Care Savings Accounts

- Now CCR on 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.

- Summary:
https://kslegislature.org/li/b2023_24/measures/documents/ccrb_hb2560_01_0000.pdf
- Also includes provisions from 2023 HB 2247, which would prohibit banks from requiring a cosigner for an account of a child in the custody of the secretary. After negotiations with DCF last year, the banking industry is supportive of the legislation. The legislation allows children in foster care to open checking and savings accounts without a co-signor. Information about this portion of the legislation is found on page 48 of the CCR summary.

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

CCR on HB 2465: Adoption Savings Accounts

- Provisions from SB 494/HB 2757 included in CCR on HB 2465: 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.
- Passed the House 83-38 and the Senate 29-10.
- Bundled with a few other items, including tax credits for contributions to pregnancy resource centers and a sales tax exemption for such centers. Thus, the vote along party lines in both chambers on the CCR.

CCR on SB 172 (foreign land ownership)

- SB 446 was the original proposal brought by the Attorney General earlier in the Session. It would have prohibited 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.
- SB 446 is dead, but members of the Federal and State Affairs Conference Committee worked all week on a somewhat related bill, CCR for SB 172, which would prohibit foreign principals from countries of concern from acquiring any interest in non-residential property located within 100 miles of a Kansas military base. Ultimately, the CCR failed in the Senate, and it was sent back to committee for further work during the Veto Session.
- Summary of CCR for SB 172:
https://kslegislature.org/li/b2023_24/measures/documents/ccrb_sb172_02_04042024.pdf

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

Thursday, April 25th.

- Joint Senate Ways & Means and House Appropriations Committee. 9:00 AM.
 - Consensus revenue estimates; human services caseload estimates; education caseload estimates; Governor's Budget Amendments.

Friday, April 26th.

- Veto Session begins.

Tuesday, April 30th.

- Sine Die (official end of the Session).

Wrap Up

Let us know if you have any questions.

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