



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

Special Session Report

June 21, 2024

Overview

The Legislature made quick work of the 2024 Special Session and concluded its business in just one day, passing two major bills. The first, of course, was a much-anticipated tax relief package the Governor and legislative leadership agreed to before the session began. Strikingly similar to the final bill passed by the Legislature during Veto Session, SB 1 provides tax relief totaling roughly \$1.2 billion over the next three years. The Governor said she intends to sign the bill.

Additionally, the Legislature passed HB 2001, an economic development package aimed at enticing the Chiefs and/or Royals to relocate to Kansas. Following the rejection of a Jackson County, Missouri, ballot measure to upgrade and retain the stadiums on the Missouri side, Kansas saw an opportunity to use economic incentives to encourage the teams to stay in the KC metro, but to locate across the border in Kansas.

SB 1: Tax Relief Package

Includes the following provisions effective Tax Year 2024 and thereafter:

- Eliminates state income tax on social security.
- Increases the childcare/dependent care tax credit from current 25% to 50%.
- Increases the residential property tax exemption from the state's 20 mill levy for public schools from the current \$40,000 to \$75,000.
- Two-tiered tax bracket as follows:
 - 5.2% for married filers making \$46,000 or less/ \$23,000 for single filer.
 - 5.58% for income in excess of \$46,000/\$23,000.
 - The current income tax contains three brackets.
- Standard deduction increases as follows:
 - \$3,605 (from current \$3,500) to singles,
 - \$8,240 (from current \$8,000) for married couples,
 - \$6,180 (from current \$6,000) for head-of-household.
- Increase to the personal exemption for married filers: \$18,320; for all other filers, the exemption increases to \$9,160, with additional personal exemption of \$2,320 for each dependent.
- Privilege tax rate reduction for financial institutions effective tax year 2024 and thereafter:

- From 2.25% to 1.94% for banks.
- From 2.25% to 1.93% for trusts and savings and loans.
- Includes transfers to the school district finance fund to backfill the amount of decreased revenue due to the increase in the residential exemption.
- Abolishes the Local Ad Valorem Tax Reduction Fund and City and County Revenue Sharing Fund.
- Passed the House 121-2 and the Senate 34-4.
- The bill can be viewed here:
https://kslegislature.org/li_2024s/b2023_24/measures/documents/sb1_00_0000.pdf
- SB 1 is very similar to the bill the Legislature passed during Veto Session, with a few exceptions (residential exemption amount; 20 mills is not decreased to 19.5; and the state food sales tax exemption implementation date remains January 1, 2025).

HB 2001: Major Sports Franchise Economic Incentive Package

- Expands STAR bond statutes to allow for specific sales tax revenues to help pay the bonds for the costs of potentially building new stadiums and development in the KC Metro area. The Legislature enacted similar incentives to construct the Kansas Speedway.
- Passed the House 84-38 and the Senate 27-8. A mix of Democrats and conservative, rural Republicans voted against the Legislation.
- HB 2001 can be viewed here:
https://kslegislature.org/li_2024s/b2023_24/measures/documents/hb2001_00_0000.pdf

Other News

Property Valuation

- On June 17th, prior to the Special Session, the Senate Tax Committee held a hearing on a constitutional amendment that would cap annual property valuation growth at 4%, or by a lesser percentage if provided by law. While similar to previous proposals, this amendment would allow the Legislature to set the rate up to 4% for all property classes, not just residential. Despite the hearing on Monday, no action was taken on the proposal during the one-day Special Session. The property valuation debate is not going away, and could possibly be discussed during the interim, and certainly next session.

Campaign Highlights

- As the June 3rd candidate filing deadline neared, there were several surprising announcements, as well as some very tragic news that Representative Les Mason (R-McPherson) passed away after a brief illness. Senate Vice President Rick Wilborn, who had planned to retire after this Session, will now run for Mason's seat.
- A few notable announcements as the filing deadline approached included:
 - Longtime Wichita Representative Brenda Landwehr decided not to run for re-election.
 - Senate Education Chair Molly Baumgardner (R-Louisburg) will not seek re-election.
 - Moderate Republican Susan Concannon (R-Beloit) who currently chairs the Child Welfare and Foster Care Committee, will not seek re-election.
 - Wichita Representative Carl Maughan intends to withdraw from the House District 90 race, leaving a three-way Republican primary with Steve Huebert (former House Education chair) as the possible frontrunner. Maughan was

convicted of DUI in Topeka earlier this year and was involved in a single-vehicle accident earlier this month.

Upcoming Activities

The Legislature has concluded the 2023-2024 biennial cycle and all bills that did not become law are dead. There will be interim committees in the fall and winter, and the Legislative Coordinating Council will approve topics and meeting dates either later this month or in July. The 2025 Legislature will return on Monday, January 13, 2025.

Wrap Up

Let us know if you have any questions.

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