



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

December Legislative Update

December 23, 2024

Overview

The 2025 Legislative Session is now just over three weeks away. Interim committees have wrapped up and lawmakers have elected new leadership in both chambers. Additionally, the new leadership has finalized committee assignments for the 2025-2026 biennium, which we detail below. The interim period and significant impact of election results at the state and national level, combined with the accelerated calendar, introduces significant change to an otherwise tradition-bound process. Everyone should be prepared for the 2025 legislative session to be briefer, but less predictable.

Pending any last-minute policy or personnel issues, this will be our last monthly report for 2024. We will provide a brief update prior to the session commencing and begin our regular reporting after the session begins on Monday, January 13th. At some point between now and January 13th the Legislature's website will be updated to reflect the new membership. Eventually the new legislators and committee assignments will be found here:
<https://www.kslegislature.gov/li/>

Leadership Election Outcomes

- While Ty Masterson will remain President of the Senate (he ran unopposed), the Senate will have both a new Vice President and Majority Leader. Senator Tim Shallenburger (Baxter Springs) defeated Senator Renee Erickson (Wichita) by a wide margin for Senate Vice President. Senator Chase Blasi (Wichita) defeated the current Majority Leader Larry Alley (Winfield).
- House Republican leadership did not change. With House Minority Leader Vic Miller's defeat in the August primary, the House Democrats elected Brandon Woodard (Lenexa) as the new Minority Leader.
- Dinah Sykes (Lenexa) remains as the Senate Minority Leader.
- Committee membership is further detailed below.

Session Schedule

- The 2025 Session will be much more compressed than past Sessions. Even though the Session begins relatively late in January (the 13th), the midpoint of the Session is earlier than in the past. Turnaround is set for February 20th, 2025, and First Adjournment ending the regular session falls on March 28th.

- In the past, the Legislature’s tradition has been to take a three-week Spring break between First Adjournment and the Veto Session. This year, instead of the traditional three-week break, there will be only about 10 days between the end of the regular Session and the Veto Session.
- Veto Session is scheduled for April 10th through 12th when the session officially ends.
- It is unclear just how often the Legislature intends to work Fridays after leadership announced their intention to make more efficient use of their calendar days to work on Mondays and Fridays. The volume of work to be done in a Session that has been shortened by several weeks will keep the Legislature in town on at least some Fridays.
- This Session will move even faster than in the past, and we expect budget hearings to begin within the first few weeks of January, as opposed to mid-February as is usually the case.

New Budget Process

The Special Legislative Budget Committee wrapped up its work on December 19th after reviewing nearly every individual state agency budget. Overall, lawmakers are concerned about the state’s ending balance over the next few years and expressed reservations about additional spending going forward. In its preparations for assembling a Legislature-initiated baseline budget early in Session (likely on the first day), the Special Committee eliminated hundreds of millions of dollars in agency enhancement requests. A substantial portion of these deletions came from the KDADS budget, specifically for enhancements to the state hospitals, as well as hundreds of millions in enhancements from the Departments of Corrections, Education, the Board of Regents, and the Kansas Bureau of Investigation. These agency requests will not be included in the Legislature’s baseline budget, and the agencies will instead have to work during the Session to get their enhancements included. Inclusion of these agency funding requests in the Governor’s budget recommendations may enhance their ability to get into the final approved budget.

In short, the new process coupled with a somewhat uncertain economic outlook for the state (not to mention some type of property tax relief), will make budget enhancement requests particularly challenging this, Session.

Financial Institutions Topics

Elections every two years in the House and four years in the Senate often bring changes to the key committees impacting financial institutions. In 2025 the scale of changes is fairly limited, but you note below some new names or old names in new places. We anticipate many of the usual policy debates, given the limited electoral change to both chambers. In 2025, policy and budget issue hearings will begin much sooner, possibly as early as the first week of the session.

Committees of Interest

Financial Institutions Committees

House

- Nick Hoheisel (Wichita) remains **Chair**.
- Angela Stiens (Shawnee) replaces Dr. Bill Clifford as **Vice Chair**.
- Rui Xu (Westwood) remains **Ranking Member**.
- **Members:** Lance Neelly, Tonganoxie; Chuck Smith, Pittsburg; Mike Thompson, Bonner Springs; Gary White, Ashland; Laura Williams, Lenexa; Lauren Bohi, Olathe; Mike King, Hesston; Allen Reavis, Atchison; Angel Roeser, Manhattan; and Kyler Sweely, Hutchinson; Nikki McDonald, Olathe; Mari-Lynn Poskin, Leawood; Virgil Weigel, Topeka; and Valdenia Winn, Kansas City.

Senate

- Notably, Brenda Dietrich (Topeka) replaces outgoing Senator Jeff Longbine (Emporia) as **Chair** of FI&I.
- Michael Fagg (El Dorado) remains **Vice-Chair**.
- Marci Francisco (Lawrence) is the new **Ranking Member**.
- **Members:** Mike Argabright, Olpe; Bev Gossage, Eudora; Rick Kloos, Berryton; TJ Rose, Olathe; Kellie Warren, Leawood; David Haley (Kansas City).

Taxation Committees

House

- Adam Smith (Weskan) remains **Chair**.
- Carl Turner (Leawood) will now serve as **Vice Chair**, replacing Brian Bergkamp (Wichita).
- Tom Sawyer (Wichita) remains **Ranking Member**.
- **Members:** Francis Awerkamp, St. Marys; Ron Bryce, Coffeyville; Nate Butler, Junction City; Ken Corbet, Topeka; Shannon Francis, Liberal; Nick Hoheisel, Wichita; Cyndi Howerton, Wichita; Tom Kessler, Wichita; Clarke Sanders, Salina; Chuck Smith, Pittsburg; Mike Thompson, Bonner Springs; Robyn Essex, Olathe; Marty Long, Ulysses; Dawn Wolf, Bennington; John Alcalá, Topeka; Sydney Carlin, Manhattan; Henry Helgerson, Eastborough; Stephanie Sawyer Clayton, Overland Park; Jerry Stogsdill, Prairie Village; and Rui Xu, Westwood.

Senate

- Caryn Tyson (Parker) remains **Chair**.
- Virgil Peck (Havana) remains **Vice Chair**.
- **Ranking Member:** Ethan Corson (Fairway) replaces retiring Senator Tom Holland.
- **Members:** Jeff Klemp, Lansing; Stephen Owens, Hesston; Mike Petersen, Wichita; Tim Shallenburger, Baxter Springs; Brad Starnes, Riley.

Federal & State Affairs Committees

House

- Tom Kessler (Wichita) will serve as **Chair**, replacing Will Carpenter (El Dorado).
- Rebecca Schmoe (Ottawa) will replace Kessler as **Vice Chair**.
- Silas Miller (Wichita) will replace Jo Ella Hoye (Lenexa) as **Ranking Member**.
- **Members:** Brian Bergkamp, Wichita; Ron Bryce, Coffeyville; Ken Corbet, Topeka; Leah Howell, Derby; Steve Huebert, Valley Center; Rick James, La Cygne; Bob Lewis, Garden City; Kyle McNorton, Topeka; John Resman, Olathe; Clarke Sanders, Salina; Kevin Schwertfeger, Turon; Paul Waggoner, Hutchinson; Jill Ward, Wichita; Sean Willcott, Holton; Kirk Haskins, Topeka; Heather Meyer, Overland Park; Brooklynne Mosley, Lawrence; Dan Osman, Overland Park; Louis Ruiz, Kansas City; and Stephanie Sawyer Clayton, Overland Park.

Senate

- Mike Thompson (Shawnee) remains **Chair**.
- Tory Marie Blew (Great Bend) will serve as **Vice Chair**, replacing Rick Kloos (Topeka).
- **Ranking Member:** Oletha Faust-Goudea (Wichita).
- **Members:** Bill Clifford, Garden City; Brenda Dietrich, Topeka; Beverly Gossage, Eudora; Michael Murphy, Sylvia; Brad Starnes, Riley; Adam Thomas, Olathe; Caryn Tyson, Parker.

Commerce Committees

House

- Sean Tarwater (Stilwell) remains **Chair**.
- Adam Turk (Shawnee) replaces Jesse Borjon (Topeka) as **Vice Chair**.
- Stephanie Sawyer-Clayton (Overland Park) replaces outgoing Representative Jason Probst (Hutchinson) as **Ranking Member**.
- **Members:** Ken Corbet, Topeka; Tom Kessler, Wichita; Patrick Penn, Wichita; Bill Sutton, Gardner; Kristey Williams, Augusta; Barb Wasinger, Hays; Laura Williams, Lenexa; Jill Ward, Wichita; Sean Willcott, Holton; Mike King, Hesston; Lynn Melton, Kansas City; Dan Osman, Overland Park; Mari-Lynn Poskin, Leawood; and Rui Xu, Westwood.

Senate

- Larry Alley (Winfield) replaces Renee Erickson (Wichita) as **Chair**.
- Stephen Owens (Hesston) replaces Brenda Dietrich (Topeka) as **Vice Chair**.
- Mary Ware (Wichita) replaces outgoing Senator Usha Reddi as **Ranking Member**.
- **Members:** Tory Marie Blew, Great Bend; Brenda Dietrich, Topeka; Jeff Klemp, Lansing; Rick Kloos, Berryton; Ron Ryckman Sr., Meade; Kenny Titus, Manhattan; Caryn Tyson, Parker; Ethan Corson, Fairway.

2025 Session Issues

- While we can never know for sure what a new Session will bring, here is an overview of topics likely to be discussed. Of course, the proposed public funds legislation will likely take center-stage for the financial institutions committees, but there are several other topics we expect to surface, some more familiar than others.
 - Updating linked deposit loan programs. While the Legislature may hold off on any major overhaul to the state's linked deposit loan programs, it is likely there will be significant discussion and some preliminary work on updating the programs to make them more advantageous. In particular, there is interest in modifying the programs similar to Missouri's programs, which are housed under one umbrella program, as opposed to being siloed like they are currently in Kansas.
 - Privilege Tax. Depending on if there are continued efforts for corporate income tax reductions, there is the possibility for further privilege tax rate reductions.
 - Interchange. Walmart plans to introduce legislation similar to Illinois that would restrict credit and debit card interchange fees on taxes and tips.
 - Anti-Merchant Category Codes (MCC) legislation. Similar legislation from last Session will be introduced regarding merchant category codes related to firearms. 2024 HB 2722 would have prohibited financial institutions from using a firearms code to engage in certain discriminatory conduct and surveilling, reporting, or tracking the purchase of firearms, and authorizing the attorney general to investigate and enforce violations of the law.
 - Variety of housing initiatives and programs. The City of Topeka is bringing legislation regarding municipal authority to inspect properties that receive public funds.
 - Possible OSBC legislation related to business credit card liability limits. There is a conflict between Regulation Z and Kansas statute that creates a disadvantage to state banks if. Repeal of the Kansas statute would solve the problem, and it seems this is largely a technical clean-up issue.

- Series LLC modernization bill that could impact banks' ability to track collateral.

Public Funds Legislation

- Following the interim meeting in November, the KBA has committed to working with the various local government associations, including the League of Municipalities, Kansas Association of Counties, and the Kansas Association of School Boards, to address some questions and concerns that came about after the interim hearing. KBA has worked with these entities to craft some changes to be incorporated after the first draft of the bill is released once Session begins, to address some of the concerns of local governments.
- Given this year's Session calendar, it is unlikely this legislation will receive a hearing until early February.

Upcoming Activities

The legislative interim committee meetings are available online live and archived by the end of each day. You can find those hearings on the Kansas Legislature YouTube at:

https://www.youtube.com/channel/UC_0NO-Pb96CFABvxDwXAq8A

No further interim meetings scheduled through the end of the year.

Wrap Up

Let us know if you have any questions.

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