



LEGISLATIVE REPORT

KEDA

APRIL 2, 2022

OVERVIEW

The 2022 Legislative Session reached First Adjournment on Friday, April 1. This essentially means the regular session is complete and legislators are returning to their district for a three-week break. Veto Session begins on April 25, which provides several days for the House and Senate to consider veto-overrides and wrap up lingering items that were not passed during the regular session including sports wagering, reduction of food sales tax, K-12 budget and policies, and additional tax issues.

The days leading up to First Adjournment saw considerable progress on many issues. The House and Senate reconciled their budget through the conference committee process. The House, Senate and Board of Education redistricting maps were passed and on their way to the Governor. Dozens of other bills were reviewed and negotiated in conference committee and sent back to the Senate and House for final approval.

Budget

As mentioned, the legislature passed their initial budget. K-12 funding was not passed and will be a priority when they return in late April. Higher education received additional funding for capital renewal, informational technology infrastructure projects, funding for economic development projects, increases in pay for employees and a variety of increases for individual college and university projects. Additional higher education funding will be addressed in late April.

Business Liability Issues

After much debate in a conference committee, the Kansas Legislature passed civil liability protections for health care providers and businesses. The bill excludes medical facilities and providers at those facilities from immunity if they refuse to provide treatment to someone because they're not vaccinated against COVID-19.

After sitting quietly for a year, the legislature passed House Sub. for SB 91, which would exempt businesses from certain liability claims arising from a secondary student engaged in a "work-based learning program," as defined by the bill. The school district would be responsible for a student's loss due to bodily injury, sickness, or death caused by accident due to a negligent act or omission caused by the student or business. The bill would not provide immunity for the student or business for gross negligence or willful misconduct.

Tax Issues

After much discussion the Taxation Conference Committee sent a food sales tax reduction bill to the floor. The bill would reduce the food sales tax of 6.5% to 4% the first year; 2% the second year and 0% the third year. It would not change local food sales taxes and adjusted for loss to the transportation plan. The cost of the tax cut is estimated at \$75 million to \$80 million in fiscal year 2023, \$250 million in 2024 and about \$400 million in 2025 and the years beyond. Although it did not see floor action, expect to see this again in late April.

The child tax credit was placed into two conference committee bills, HB2597 and HB2237. HB2597 is an omnibus tax bill with many issues, and HB2237 is a comprehensive bill to address rural housing. Neither of these bills made it before adjournment on Friday but can still be addressed during veto session.

Sub. for HB2239 passed the House and Senate. The bill included income, sales, and property tax changes. The bill provided for an extension of the Rural Opportunity Zones program but did not expand the program.

The bill would also modify revenue neutral rate notice and hearing procedures and provide for taxpayer complaint procedures; increase the residential property tax exemption from the uniform statewide school finance levy; specify the classification of land used by zoos, used incidentally by certain agritourism activities, and the federal Grassland Conservation Reserve Program; create a property tax exemption for antique utility trailers; allow for the proration of certain personal property taxes; expand the authority of county commissions to abate property taxes for disaster-destroyed property; and modify the definition of telecommunications machinery and equipment for purposes of property tax exemption.

The bill would provide an income tax credit for certain contributions to technical and community colleges; enact aviation, aerospace, and short-line railroad infrastructure tax credits; enact a teacher classroom supplies tax credit; provide for an income tax checkoff for contributions to Kansas state historic sites; allow for refund claims pursuant to the Homestead Property Tax Refund Program based on tax growth from a base year; extend the Rural Opportunity Zones program; and allow for an additional personal exemption for certain disabled veterans.

The bill would create a sales tax exemption for agricultural fencing; enact the Gage Park Improvement Authority Act; exclude separately stated shipping and handling charges from sales tax; repeal the sunset of the tax exclusion for motor vehicle manufacturer rebates; authorize a countywide sales tax in Wilson County; validate a sales tax election in the city of Latham; and require certain ballot language for countywide retail sales tax elections. The total cost of the bill for FY2023 is \$90.0 million; FY2024 is \$99.8 and FY2025 is \$119.6 million. It now goes to the Governor.

HOUSING

HB 2237 would create several acts and amend law pertaining to economic development to address rural housing, home loans, historic structures, appraisals of property in rural counties, urban development, and child day care services. The bill was agreed to in conference committee but was not worked by the full legislature. This may be worked when they return. The bill explainer is attached to this report email.

OTHER ISSUES

The legislature passed the bill banning transgender girls and women from participating in interscholastic sports for females passed the Legislature and is on its way to the governor. The governor vetoed the bill last year, and the Senate couldn't override the veto.

The Kansas Legislature approved HB2717, which would Prohibit any municipality from preventing the enforcement of federal immigration laws, requiring municipal law enforcement agencies to provide written notice to each law enforcement officer of the officer's duty to cooperate with state and federal agencies in the enforcement of immigration laws and requiring any municipal identification card to state on its face that it is not valid for state identification. The bill is on the Governor's desk.

Protect Home-based Work Act and Rural Remote Worker Incentive Act

SB 505 would create the Protect Home-based Work Act and HB2623, the Rural Remote Worker Incentive Act, have had no further action during 2022.

NEXT WEEK

The Kansas Legislature will be on break until Monday, April 25 for their veto session. Here is a link to the Kansas Legislature website: <http://www.kslegislature.org>