



# LEGISLATIVE REPORT

KEDA

FEBRUARY 18, 2022

## OVERVIEW

All eyes are on the Turnaround legislative deadline as committees spent this week working feverishly to hold hearings and recommend bills. Dozens of bills, recommended by committees, are now awaiting debate by the Senate or House. Next week will provide one last day for committees to meet on Monday, with the following three days dedicated for Senate and House general session debates.

With the session nearing its half-way point, pressure continues to mount on lingering issues. Budget bills will continue to be pieced together while other issues like food sales tax and state redistricting maps are expected to be pushed to March. The congressional redistricting map, already completed by the Legislature, is being formally challenged in state court by several groups.

## Sales Exemptions and Tax Credits

A new food sales tax reduction was introduced in House Taxation this week. HB2711 would reduce the food sales tax to 3.5%. It would then reduce it further if the balance in the stabilization fund is \$100 million or more, with the end goal of elimination of the food sales tax. It keeps the highway fund whole and reduces the overall rate to 6.3%. No hearing has been set for this bill.

The House Taxation Committee heard HB2394, which would put back the tax credit for research and development for all taxpayers. At this time the only taxpayers that can get the credit is C corporations. No action has been taken on the bill.

## Housing Bills

SB375 and SB369 were placed in HB2212 and passed out of Senate Federal and State Affairs Committee. SB375 would enact the Kansas Housing Investor Credit Act. SB369 would enact the Kansas Affordable Housing Tax Credit Act. The Act would provide a new Kansas Affordable Housing Income Tax Credit for qualified low-income housing projects located in Kansas and determined by the Kansas Housing Resources Corporation (KHRC) to be eligible for the federal low-income housing tax credit beginning in tax year 2023.

HB 2701 would amend definitions within the Kansas Rural Housing Incentive District Act to specify that for purposes of projects defined in KSA 12-5249(a)(11), within a qualified census tract, "city" includes any city with a qualified census tract located within the city and "county" includes any county with a qualified census tract located within the county. A "qualified census tract" would be defined to mean an economically distressed urban area that is a qualified census tract as defined and designated by the United States Department of Housing and Urban Development. this bill was passed out of Commerce Committee on Thursday.

## **Budget**

The subcommittees of the House Appropriations and Senate Ways and Means Committees have begun meeting to finalize individual budgets and present to the full Committees.

Two budget subcommittees, one in the Senate and one in the House, supported Governor Kelly's budget request for higher education "challenge" grants. The original request was for \$175 million for matching private investment for economic development and \$20 million going to Wichita State University for aviation. The budget subcommittees ended up with \$160 million for the matching private investment fund and \$35 million to the National Institute for Aviation Research at Wichita State University. The grant program would be on for fiscal year 2023. The Commerce Secretary would be responsible for approving projects based on criteria requiring projects to be of significant economic benefit or address a timely or unique economic state need.

They also increased the deal closing fund for economic development prospects by \$3.5 million to \$28 million.

## **Business Practices Bills**

SB 482 is a bill that would prohibit certain government contracts with companies that allegedly discriminate against firearm entities and firearm trade associations. It will be heard Monday in the Federal and State Affairs.

## **Other**

HCR 5014 would amend the Kansas Constitution to create a new section in Article 1 concerning legislative oversight of administrative rules and regulations. The new section would provide that, whenever the Legislature by law has authorized any officer or agency within the executive branch to adopt rules and regulations that have the force and effect of law, the Legislature may provide by law for revocation or suspension of any such rules and regulation, or any portion thereof, by a majority vote of the members of each house. The HCR5014 did not pass by a vote of 80-31. It is expected to be brought up again this session.

HB 2268 would create the Kanas Rural Home Loan Guarantee Act. The bill would require the State Treasurer to enter into agreements with financial institutions to provide loan guarantees against risk of default for rural housing loans. The bill has a hearing in House Financial Institutions and Rural Development next week.

HB2686 was heard this week. The bill is a 283-page bill to reform water policy in Kansas. It includes creating the Kansas department of water and environment within the executive branch and transferring the duties of certain offices to such department, establishing the water and environment maintenance fund and the water and environment maintenance board, modifying election procedures for groundwater management districts, establishing a water rights fee on owners of water rights and permits to appropriate water for beneficial use, authorizing the chief engineer to issue certain orders without review by the secretary of water and environment, increasing water protection fees, establishing a civil penalty for obstructions in streams violations and establishing the water structures emergency fund.

HB2652 will be heard this week. This is the continuation of business and health care liability protections due to COVID. It also extends the expanding use of telemedicine. The bill extends the sunset to January of 2023. It was placed in a Senate bill, SB286, and was voted out of Committee.

## **Next Week**

Below is a link to the calendars: [http://www.kslegislature.org/li/b2021\\_22/chamber/calendars/](http://www.kslegislature.org/li/b2021_22/chamber/calendars/)

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