



# LEGISLATIVE REPORT

KEDA

JANUARY 14, 2022

## OVERVIEW

The 2022 Legislative Session is officially underway. House and Senate members returned to Topeka with most committees meeting at least once to start their work. Governor Kelly outlined her vision for the next year as she delivered her fourth State of the State address. The theme of her address lauded the state's economic strength and the growing surplus collected as revenue continues to exceed expectations. The Governor noted her desire to eliminate food sales tax and provide a \$250 tax rebate to each filer while fully funding programs such as the State Highway Fund.

The next few weeks will see hundreds of new bills introduced in committees while House and Senate budget committees dissect the Governor's proposed budget before crafting their own. Legislative leaders have similar and other ideas on how to utilize the larger-than-normal ending balance. Meanwhile, the House and Senate Redistricting Committee is meeting to begin drafting district maps which will become effective for the August primary election. Unlike 2021, the setting in the capitol is largely normal, with committees meeting in person and visitors allowed to closely observe the proceedings.

## Governor's Budget

An overview of the budget items follows. A link to the budget. <https://budget.kansas.gov/budget-report/>

- Zero the state food sales tax rate effective July 1, 2022. \$450 million fiscal note for FY23 (full year is \$490-\$495). Clean, stand-alone bill on her desk by Kansas Day.
- One-time \$250 per resident tax filer, \$460 million fiscal note.
- Eliminate Vehicle Modernization Surcharge, \$12 million fiscal note. \$4 charge to modernize systems that was kept during revenue shortfalls
- Fund Rainy Day Fund at \$600 million.
- Pull Forward Delayed K-12 payments and continue to fully fund K-12.
- Early debt retirement for KPERS, payoff NBAF Bonds and other bonds for other properties.
- Pay for Capital projects including Docking/KDHE Lab, State Defense Building remodel, Hays armory.
- Elimination of all transfers out of the State Highway Fund.
- Fully Fund the State Water Plan Fund.
- Add \$47.5 to universities to freeze tuition for another year
- Eliminate Extraordinary transfers from EDIF to SGF.
- \$2 Million enhancement for KIT/KIR.
- \$20 million for moderate income housing.
- Mental Health Services enhancements.
- Improvements to KanCare program.
- Law Enforcement Investments.
- State Employee pay increases.

## **Medicaid Expansion**

The Governor's budget includes expanding Medicaid to full adult expansion population, beginning January 1, 2023. According to the Governor's budget, Kansas would save \$68.5 million by expanding Medicaid as ARPA provides for 5% increase in FMAP on base population for new expansion. And the cost to operate expansion after eight quarters is \$40 million. The budget notes that Kansas is 1 of 12 states not yet to expand Medicaid.

## **Medical Marijuana**

The House passed medical marijuana in 2021 and sent it to the Senate. There was an overview of the bill in the Senate Federal and State Affairs Committee. Although the bill was scheduled for hearing next week, they have postponed the hearing to a later date.

## **Redistricting**

The Senate Redistricting Committee met this week to start their work on developing a Senate map. The House will be working on their maps all next week.

## **Tax**

Senate Taxation will be hearing SB339, an elimination of sales tax on food that basically zero's out the food sales tax but has a different definition of food from the Governor's bill.

## **State Finance Council**

The State Finance Council last week approved funds from the ARPA for economic revitalization. This included \$100 million for economic development infrastructure through the Commerce Department; \$50 million for individual education learning loss grants; and \$4 million for Kansas Connect and Learn initiative. The Department of Commerce is developing guidelines for the \$100 million.

## **Next Week**

Bills continue to be introduced and assigned to committees. There are some bills being heard, such as elimination of sales tax on fencing equipment to assist with rebuilding the fences destroyed in the fires in western Kansas.

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