



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

May 23, 2022

Overview

The 2022 legislative session had nearly concluded its work at the end of April. However, the Legislature is set to return Monday, May 23rd, for a brief second Veto Session. The Legislature scheduled the second session in anticipation of dealing with re-drawing congressional maps. However, the Kansas Supreme Court ruled that both the state legislative and congressional redistricting maps are constitutional. At this point the Legislature returns Monday, and it will likely only deal with a handful of veto override attempts and adjourn.

This report will provide a summary of what has happened since the Legislature adjourned on April 29th, as well as what may happen on Monday. We do not anticipate any action of financial institutions or tax policy issues during the final meetings beginning Monday May 23rd.

Big Picture Issues

Here are the major happenings since the Legislature adjourned a few weeks ago:

- The Kansas Supreme Court overturned a lower court's ruling on the constitutionality of the congressional redistricting maps, ruling that the maps do not violate the State Constitution.
 - More on that here: <https://kansasreflector.com/2022/05/18/kansas-supreme-court-affirms-constitutionality-of-congressional-redistricting-map/>
- Besides the news of the congressional maps, the Governor signed a handful of bills:
 - HB 2106, the gradual reduction of the state sales tax on food. The 6.5% state sales tax on food will be reduced to 4% in January 2023, to 2% in January 2024, and finally to 0% in January 2025.
 - HB 2567, which fully funds K-12 schools, along with investments in Children's Initiative Fund grants, Mental Health Intervention Teams, and other programs. Of note, the bill also allows for open enrollment beginning in the 2024-2025 school year, which may be the most significant change in the state's K-12 system in several years and will have significant impacts on local districts and property taxpayers.
 - HB 2237, historic housing legislation that makes significant investments particularly in rural housing, including investor tax credits and rural home loan guarantees, and makes changes to real estate appraisals in rural counties. The bill also expands the child daycare services tax credit to a 50% tax credit (up from 30%) and for all businesses, not just corporations.

- The Governor vetoed the following bills:
 - SB 34: Would prohibit governmental entities and public officials from requiring masks in response to any contagious/infectious disease; limits KDHE authority to enforce quarantine and student inoculation requirements if not fully authorized by the FDA.
 - Unlikely to be overridden. The House would need to pick up 20 votes to override the veto.
 - HB 2387: Prohibits any changes, as well as re-bidding for Medicaid managed care contracts until January 2023.
 - Passed the House 84-38 and the Senate 26-12.
 - Only needs one vote in the Senate to override the veto.

For a summary look at the last few days of the Veto Session, and how several significant bills advanced quickly and without going through the entire legislative process, this article provides an overview. Moreover, this article reflects many of the challenges in the effort to following and make sense of the legislative process:

<https://kansasreflector.com/2022/05/08/analysis-how-the-kansas-legislature-avoids-public-scrutiny-by-hiding-in-darkness/>

Veto Session Part II

- While it is yet unclear what exactly the Legislature will tackle when they return Monday, it is likely to be a brief second wrap-up session. Whereas it was previously anticipated the Legislature might have dealt with issues such as medical marijuana, because congressional maps now do not need to be redrawn, it is now more likely the Legislature may only take up the couple of veto overrides and then leave town to start campaigning.
- Should the Legislature decide to address anything other than veto overrides, there are a couple of outstanding issues that may be addressed:
 - Rectifying funding for the 988 National Suicide Prevention Lifeline (NSPL). When the Legislature adjourned in the early hours of the morning on April 29th, the funding bill for NSPL had passed the House, but not the Senate. Thus, the funding for the services associated with the NSPL remains at stake.
 - Significant tax legislation, primarily dealing with corporate tax breaks and income tax changes related to increasing the standard deduction and making changes to how retirement income is taxed.
- We are not necessarily anticipating the Legislature to address these items but mention them in case they come up on Monday.

Looking Ahead

- The next several months will be a frenzy of campaigning and fundraising for all members of the Kansas House, in addition of course to the Governor's race, Secretary of State, Attorney General, and State Treasurer.
- Besides the campaign season and meeting new House members, there will be interim meetings as usual. The Legislative Coordinating Council (LCC), made up of legislative leadership, will convene early in the summer to allocate meeting days for the various interim and joint committees on a variety of issues usually ranging from taxes to mental health to child welfare. These committees will work over the summer and fall compiling recommendations for the 2023 Legislature.
- We will also be monitoring and reporting on the final resolution of the SPARK Executive Committee to expend the remaining federal relief funds.
- Finally, this will be our last weekly report for the 2023 session and, pending any drastic action next week, we will begin reporting monthly unless circumstances warrant.

Upcoming Activities

The legislative schedule of hearings is updated regularly throughout the week can be found in the House and Senate calendars on the Legislature website at:

http://kslegislature.org/li/b2021_22/chamber/calendars/

Additionally, all hearings are now available online live and archived by the end of each day. You can find those hearings on the Legislature website at: [http://sg001-](http://sg001-harmony.sliq.net/00287/Harmony/en/View/Calendar/)

[harmony.sliq.net/00287/Harmony/en/View/Calendar/](http://sg001-harmony.sliq.net/00287/Harmony/en/View/Calendar/)

Monday, May 23rd.

Legislature returns for Veto Session Part II.

Wrap Up

Let us know if you have any questions.

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