



Community Bankers Association of Kansas

Kansas Legislative and Policy Report

November 01, 2023

Overview

October was the busiest month of the 2023 interim period. The legislative cycle will slow down through November and December in preparation for the 2024 session. We will account for the busy month. We have also reported on many of the top issues likely to see significant consideration during 2024. Tax reductions, public education, economic development, KanCare and Medicaid Expansion, childcare, and early childhood program administration are all in the mix on interim committees and political conversation. One outstanding issue impacting all these issues is future State revenue projections.

Monthly Highlights

Revenue

One significant factor is the impact of the ongoing multi-year budget surplus. In April, the State budget and economic experts projected a \$3.2 billion budget surplus by July 2025. A variety of cautionary indicators (inflation, agriculture prices, and interest rates) are likely to impact the experts when they meet again on Thursday, November 8th, to estimate revenue for the next eighteen months. We will find out how many options exist for tax reductions and spending when the Legislature returns in January.

Despite a dip in August, the ongoing balance was again affirmed in September when collections were \$42 million (4.4%) over the spring estimates.

Key Interim Committee Meetings

October's lengthy list of committee meetings focused attention on several issues that will demand legislative action in January.

Tax Policy

The Special Committee on Taxation met for the first of two meetings and focused on property taxes. Senate Concurrent Resolution 1611, which has already passed the Senate and awaits action in the House, was the main issue. A two-thirds majority vote in the House would put the issue on the November 2024 ballot and would place a cap of 4 percent on any increases in local assessed valuations. The Governor has no role in a constitutional amendment process. The committee will meet one more time later this fall.

Child Welfare

A fairly normal meeting of the Child Welfare Oversight committee became a serious discussion of the safety of children in the system following a high-profile murder in Topeka wherein the Department of Children and Families and local law enforcement were contacted at least nine times in the weeks leading up to the child's murder. We expect the Legislature to respond, and it is likely there is renewed attention on the Office of the Child Advocate, created a couple of years ago to advocate for children in custody. The Governor established the office within her administration, but the Legislature wants it under the control of the Attorney General. We expect this debate again in 2024.

Public Education

The Special Committee on Education met for four days in October and spent extensive time discussing at-risk funding, student achievement, education funding, and issues related to post-secondary education. There was some effort to suggest public schools were failing to educate students and failing to address behavior and mental health issues. Committee leadership did focus on areas where improvement was necessary to advocate for non-public and home school vouchers in 2024. The final two days focused on the perceived failures of special education and the assumption that special education was fully funded, with some committee members arguing there is no need to fulfill the statutory required 92 percent of State funding. There was also interest in addressing issues regarding concurrent enrollment and fees.

All these issues will be addressed in the coming session.

CBA Interim Topics

Special Committee on Taxation

- The Special Committee on Taxation held its first of two meetings on October 9th to discuss mostly topics related to property taxes and property tax relief—in particular, the proposed constitutional amendment (SCR 1611) that would limit property tax valuation increases for real property at 4% annually. The Senate passed the measure with the necessary two-thirds majority, and the House will debate the issue in the coming Session.
 - Lawmakers are largely divided on the proposal, as are various stakeholders. County appraisers in particular have urged caution:
<https://kansasreflector.com/2023/10/09/appraiser-analyst-dubious-about-property-tax-reform-idea-pending-in-kansas-legislature/>

Upcoming Activities

The legislative schedule of hearings is updated regularly throughout the interim and can be found at:

http://www.kslegresearch.org/KLRD-web/Committees/2023InterimDocs/interim_mtg_schedule_2023.pdf

Thursday, November 2nd-Friday, November 3rd. 9:00 AM.

Joint Committee on Pensions, Investments, and Benefits.

Agenda :

http://www.kslegislature.org/li/b2023_24/committees/ctte_jt_pensions_1/documents/agenda/weeklyinterim/20231102.pdf

Tuesday, November 7th. 9:00 AM.

Joint Committee on TEFFI Oversight. See agenda below. Items include an update on TEFFI operations in Kansas; updates on TEFFI Development and Expansion Fund Distribution to Economic Growth Zones; and Committee Discussion.

Agenda :

http://kslegislature.org/li/b2023_24/committees/ctte_jt_fidfin_inst_ovst_1/documents/agenda/we eklyinterim/20231107.pdf

Monday, November 13th. 8:00 AM.

Special Committee on Taxation. Agenda TBD.

Wrap Up

Let us know if you have any questions.

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