

LEGISLATIVE REPORT

APWA KC Metro

Kansas Legislative Report

April 8, 2024

The 2024 Legislative Session has reached First Adjournment. This essentially means the regular session is complete and legislators are returning to their districts 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.

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. Dozens of other bills were reviewed and negotiated in conference committee and sent back to the Senate and House for final approval.

The week had its challenges, however, as a large education bill containing the K-12 budget and several policy pieces, was approved by the House but defeated on the Senate floor. This forced the K-12 Budget Conference Committee to rework its bill to create a second edition, which will be considered during veto session.

Tax policy also saw stop-and-go progress. The Tax Conference Committee recommended a plan to maintain the existing three-tier income tax system with a lower top rate that was approved by the Senate but rejected by the House. Later in the week, the House and Senate ultimately approved a new package moving to a two-tier income tax system, lowering the top rate from 5.7% to 5.55% for joint earners of \$46,000 or more, with the lower rate at 5.15%. Further, the package exempts Social Security from state income tax and accelerates the zero rate for state sales tax on food to July 1. The new tax plan (HB 2036 conference committee report) is on the way to Governor Kelly's desk.

This session continued the trend of seeing the introduction and consideration of numerous water bills. While some advanced and others stalled, it signals the continued interest in water policy among the Legislature, particularly the House Committee on Water.

Transportation Policy & Funding

The passage and reconciliation of the mega budget (SB 28 conference committee report) resolved several items of interest of to the State Highway Fund. After the smoke cleared, the Department of Transportation budget concurred with the governor's recommendation with several adjustments.

The bill increasing the annual transfer to the Kansas Airport Improvement Program became part of the conference committee report for HB 2498. The bill increases the annual transfer from the State Highway Fund to the Kansas Airport Improvement Program, from \$5M to \$15M. Both the House and Senate approved HB 2498, sending it to the governor's desk.

While the Kansas Airport Improvement Program does not apply to the state's seven primary airports, meaning they receive commercial service, a budget amendment adds \$5M to the Kansas Air Service Development Incentive program for grants to primary airports for just FY 2025. The amendment directs the Kansas Department of Commerce to form a selection committee to evaluate such applications and limit a single commercial service airport to be awarded no more than \$1M.

Related to a long-term commitment to passenger rail funding, SB 349, which passed the Senate, stalled in the House and has actually been amended to now include an entirely different policy. Thus, SB 349's original language died. The budget did, however, agree to a single \$5M transfer to the Passenger Rail Service Revolving Fund, from the State Highway Fund, to support an intercity rail service, such as the Amtrak Heartland Flyer, for FY 2025. The transfer is subject to State Finance Council approval.

The final budget included amendments, including changes to the Build Kansas Matching Grant program. Specifically, it would Build Kansas Matching Grant program to award funds to communities that qualify as eligible entities for any federal grant program moneys related to water, transportation, energy, cybersecurity, or broadband infrastructure requiring state or local community matching funds. The bill also includes language requiring an eligible entity from a Kansas county with a population of more than 20,000 as of the 2020 census provide a 10% match of nonstate moneys and allowing the Build Kansas Advisory Committee to waive the match requirement for any eligible entity in a city with a population of less than 5,000 as of the 2020 census.

As noted, the new tax plan in the HB 2036 conference committee report, accelerates the zero rate for state sales tax on food to July 1, 2024, instead of the January 1, 2025 date, as scheduled. Included in the bill is the final adjustment of the designated percentage of state sales tax destined for the State Highway Fund. As of July 1, the share increases from 17% to 18% to hold the State Highway Fund harmless as the state collects less total sales tax.

The Transportation Conference Committee met a handful of times to finalize several measures. The conference committee worked to advance traffic safety as they combined SB 142 (disabled vehicles bill), HB 2499 (hands free bill) and SB 426 (increased penalties for unlawful passing of emergency vehicles) into a triple bill conference committee report of SB 142. The conference committee report was adopted by the House but awaits action by the Senate that may come during veto session.

HB 2783 was enrolled and presented to the governor at the end of last week. This is a bill prohibiting a state agency, city or county from restricting the sale or use of motor vehicles based on the energy source used for the vehicles; allowing a state agency, city and county to have their own purchase policies for motor vehicles. Earlier this session, the bill passed the House 89-30 and the Senate 29-9. The bill is now awaiting final action by Governor Kelly.

Water Policy & Funding

Multiple bills have now passed both chambers and were presented to the governor. SB 331 is a bill removing the definition of lead-free and an exception for lead joints in the public water supply systems law and updating terminology relating to hazardous waste generated by certain persons. After passing the Senate 34-0 and the House 122-1, the bill was enrolled and presented to the governor last week.

HB 2587 is a bill authorizing the board of directors for a drainage district to hold a meeting in executive session in accordance with the Open Meetings Act. The bill passed the House in late February, 116-4, and passed the Senate unanimously in March, sending the bill to the Governor's desk. The bill was approved by the governor on March 29.

HB 2634 provides additional control provision for the chief engineer to consider when issuing orders of designations for local enhanced managements areas and intensive groundwater use control areas. The bill passed both chambers unanimously this session and the governor is expected to take action in the coming days.

Other relevant bills have stalled during the past few weeks, including HB 2526 and SB 524. HB 2526 is a bill authorizing the chief engineer to adopt rules and regulations concerning fees and inspections of dams. The bill is currently sitting in the House Committee on Appropriations but is all but officially dead.

Similarly, SB 524, a bill specifying when boards of directors for irrigation districts of 35,000 or more acres may conduct board member elections by mail ballot and establishing the terms for such members, passed the Senate last week 40-0. The bill was referred to the House Committee on Water earlier this week and is awaiting further action.

Other bills related to groundwater management districts (HB 2695, HB 2696, HB 2697) expired at the end of February.

Meanwhile, the Kansas Water Office and Kansas Water Authority held a briefing on the Kansas Water Plan. The meeting featured an overview, timeline of the plan, and the governor's goals for water in Kansas. The presentation also included key similarities and distinctions between transportation and water issues in Kansas to point out how the governor's work on transportation policy can be applied to water policy. The KWA also outlined focus groups they hosted with 45 Agriculture & Economics students at Kansas State University, including feedback about rural depopulation and the importance of social media. Important milestones were announced such as the KWA meeting to discuss future approaches on April 17 and the Kansas Infrastructure Hub Summit on April 24.

Thank you and please let us know if you have any questions.

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