



KANSAS LEGISLATIVE UPDATE



Veto Session Edition – Week of April 29th

The Kansas Legislature had a short three-day Veto Session ending early Wednesday morning by passing a tax plan. Look to see the Legislature called back for a Special Session on taxes later in May.

Taxes

As readers know by now, competing tax reduction plans were the key focus for most of the Kansas Regular Session. The Legislature passed its first income tax reduction plan with a flat rate in January and saw the Governor veto that plan a month later (the Legislature was unable to override the veto), The Legislature passed a second plan, referred to as the Compromise Tax Plan April 6, the last day of regular session which included the following:

Highlights for the Compromise Tax Plan (2nd Plan):

- Reduces the state's three rate structure to two by eliminating the bottom rate of 3.1%
- Cuts the top rate from 5.7% to 5.55%
- Cuts the second bracket from 5.25% to 5.15%
- Eliminates tax on Social Security on July 1st, 2024
- Eliminates the state sales tax on food July 1st, 2024
- Increases the residential exemption on the state's 20-mill property tax rate from \$42,000 to \$100,000

The compromise tax plan passed the Senate 24-9 and the House 119-0. However, the Governor vetoed this bill the Wednesday before Veto Session. The House was able to override the Governor's veto with a vote of 104-15 (The House needs 84 votes to override a veto). The Senate fell one vote short of a veto override with a vote of 26-14 (the Senate needs 27 votes to override a veto.) On the last day of Veto Session, the Tax Conference Committee put together a third and final tax plan.

Highlights from the Veto Session Tax Plan (3rd Plan):

- Reduces the state's three rate structure to two by eliminating the bottom rate of 3.1%
- Cuts the top rate from 5.7% to 5.57%
- Cuts the second bracket from 5.25% to 5.2%
- Eliminates tax on Social Security on July 1st, 2024
- Eliminates the state sales tax on food July 1st, 2024

The House passed the bill with a vote of 108-11 and the Senate passed it with a vote of 25-9. However, the Governor's Office has already stated she will veto this and call the Legislature back for a Special Session in the next couple weeks.

For more information on the Veto Session Tax Plan visit:
https://www.kslegislature.org/li/b2023_24/measures/sb37/

Chiefs/Royals

Monday of Veto Session, the Commerce Conference Committee started putting together an incentive package to bring professional sports teams to Kansas. HB 2663 would add STAR Bonds with targeted language to give negotiation power to Kansas to bring a professional sports team to the state. House Commerce Chair Representative Sean Tarwater stated that the “Chiefs and Royals are certainly our primary target”.

Highlights from the Professional Sports Incentive Package:

- Creates a Star Bond District for a Major Professional Sports Team
 - Professional Sports Team is defined as an NFL, MLB, NHL, or NBA team
- Local Government would not be required to participate
 - This allows the tax to be maintained for operational services needed to maintain and support the stadium
- Would be available for two projects
 - Each investment would have to total at least \$1 billion
- Projects could include playing fields, practice and training facilities, offices, restaurants, retail space, and hotels
- Increases the amount of the cost of the project that could be covered by sales tax revenue bonds from the current level of 50% to 100%
- It also extends the amount of time to repay the bonds for the project to 30 years from 20 years

The Legislature did not vote on this during Veto Session but look to see it coming back up during the Special Session. The **KC Chamber/Civic Council** will continue to monitor this legislation.

Conference Committee Reports

- **HB 2096 - Childcare Compromise** - Expansion of child and dependent care tax credit to 100% refundability and creates the Office of Early Childhood
 - During Veto Session the Conference Committee Report was stripped of everything except the expansion of the child and dependent care tax credit.
 - Added into the report were other tax credits including a veterans’ valor property tax relief and a government competition property tax rebate.
 - HB 2096 passed both chambers and is on its way to the Governor. For more information on HB 2096 visit: https://www.kslegislature.org/li/b2023_24/measures/hb2096/
- **HB 2097 -Film/TV Tax Credit** program which allows Kansas to compete with Oklahoma and Missouri for the economic development opportunities in the film and tv industry.
 - HB 2097 passed both chambers and is on its way to the Governor.
- **HB 2097 -National Guard Tax Credit** offers a tax credit to those who hire National Guard members and a tax credit to those who choose to serve
 - HB 2097 passed both chambers and is on its way to the Governor. For more information on HB 2097 visit: https://www.kslegislature.org/li/b2023_24/measures/hb2097/
- **SB 172 -Foreign Adversary Land**
 - SB 172 passed both chambers and is on its way to the Governor.
 - The Governor has vetoed similar legislation in the past, and the Legislature will not be able to override as they have already adjourned SineDie and cannot take up previous bills in Special Session For more information on SB 172 visit: https://www.kslegislature.org/li/b2023_24/measures/sb172/

Key Upcoming Dates

Special Session – May TBD

Thanks!

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