



# KANSAS RURAL CENTER

FOR THE HEALTH OF THE LAND AND ITS PEOPLE

## Kansas Rural Center Legislative Policy Watch

Issue No. 11, March 15, 2024

### Legislative Policy

**Watch** is a weekly online publication of the Kansas Rural Center (KRC) during the State of Kansas legislative session. KRC is a private, non-profit organization that promotes the long term health of the land and its people, through education, research and advocacy that advance an ecologically sound, economically viable, and socially just agriculture.

**Policy Watch** is produced by Paul Johnson, KRC Policy Analyst,  
[pdjohnson@centurylink.net](mailto:pdjohnson@centurylink.net)  
*et*



## KRC

Learn About KRC

[www.kansasruralcenter.org](http://www.kansasruralcenter.org)

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### Flat Tax Revisited

At the request of the Senate Assessment and Tax committee Chair – Senator Caryn Tyson – a new flat income tax bill SB 539 (along with several other tax reductions) has been introduced and hearings begun. There are tax cuts for banks, Social Security income, state property tax that funds public schools and zeroing out the state sales tax on groceries on July 1, 2024. It seems appropriate that this continuing battle over flat taxes and tax reductions in general come in 2024 – a leap year and a leap of faith.

This latest proposal would impose a 5.7% income tax rate for 2024 followed by reductions of 0.05 percentage points every year through 2029 ending at 5.45%. Currently the graduated income tax rate is 3.1% for income under \$15,000, 5.25% for income between \$15,000 and \$30,000, and 5.7% for income above \$30,000. These income amounts are doubled for couples filing jointly. The personal exemption is raised to \$11,000 from \$2,250 with an exemption of \$3,000 per dependent. Instead of eliminating state income taxes on Social Security, this bill exempts Social Security income for taxpayers who make less than \$100,000 (presently it is \$75,000) and lessens the state income tax for those between \$100,000 and \$125,000. The property tax exemption for public schools (the 20-mill) is increased from \$42,049 today to \$80,000. The loss to public schools would be around \$65 million annually. The state food sales tax elimination on July 1, 2024 costs \$63.5 million. This bill had one day of hearings and was voted out the next day with two amendments. All of Social Security income would be exempt from state income taxes and the provision to end the food sales tax on July 1 was dropped (so the elimination occurs on January 1, 2025).

The overall fiscal impact for SB 539 for Fiscal Year (FY) 2025 is \$452 million, for FY 2026 the cost is \$393 million and for FY 2027 the loss is \$477 million. For FY 2028 and FY 2029, the income tax rate continues to decline and there is indexing to a cost of living for other components. The Governor's proposed tax reduction bill would cost \$1 Billion over three years while this bill comes in at almost \$2 Billion with further reductions in the out years. The flat tax bill the Governor vetoed had a fiscal cost of \$1.6 Billion over three years. SB 539 (which has now passed the Senate 29 to 11 with a few floor amendments) is on a fast track (with a companion House Bill – HB 2837) to get a compromise to the Governor's desk before the end of the regular session on April 5. Floor votes on this new bill will be telling as to whether a Governor's veto override is plausible?

League of Women Voters  
of Kansas

[www.lwvk.org](http://www.lwvk.org)



Kansas Natural Resource  
Council



Climate & Energy  
Project

[www.climateandenergy.org](http://www.climateandenergy.org)



Kansas Farmers Union

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Audubon of Kansas

[www.audubonofkansas.org](http://www.audubonofkansas.org)

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If no compromise on a tax cut package is reached by the end of the session in May, the Governor has promised calling a special session that would probably come mid-summer.

[https://www.kslegislature.org/li/b2023\\_24/measures/documents/fisc\\_note\\_sb539\\_00\\_0000.pdf](https://www.kslegislature.org/li/b2023_24/measures/documents/fisc_note_sb539_00_0000.pdf)

## State Budget

The Kansas Senate has now passed a State Budget – Sub. For SB 514 – that includes supplemental funding for FY 2024, funding for FY 2025 and expenditures from FY 2026 to FY 2028 for certain state agencies. The Kansas House will have their floor debate on the State Budget on March 19. The two versions will be put into a conference committee of three Senate members and three House members to find that final compromise hopefully before the final day of the regular session on April 5.

The Senate budget for FY 2025 comes in at \$25.1 billion of which \$10.2 is the State General Fund (SGF). This is an all funds decrease of \$260.9 million (1%) and a SGF increase of \$311.3 million (3.1%) above adjusted expenditures in FY 2024. SGF has increased from \$6.6 billion in FY 2018 to \$10.2 billion in FY 2025 while all funds have increased from \$15.9 billion in FY 2018 to \$25.1 billion in FY 2025. (Divided per 2.95 million Kansans per capita amount is \$8,400.00). If there is a veto session late April to early May, an Omnibus Appropriations bill will be developed that tackles key budgetary items that were not settled or simply delayed to the veto session. The Consensus Revenue Estimating Group (CREG) will meet mid-April to forecast revenues for the following 18 months. This estimate must be used in fashioning the final, balanced State Budget for FY 2025.

For FY 2024, the Senate added \$15.7 million (in SGF) for a 'Southwest border mission' to respond to a request for assistance from the State of Texas to prevent drug and human trafficking. \$20.7 million SGF to cover the 'shortfall in contract nursing staff costs' at Larned State Hospital and Osawatomie State Hospital. \$20 million to construct a 'new central dispatch facility and firing ranges' on 200 acres in Salina. For FY 2025, the Senate added \$10 million to the SGF for 'small town (population under 1,000) infrastructure grants' for drinking water and sewer system upgrades. \$3.5 million to continue development of the Flint Hill Trail. \$1 million SGF for the 'local farm to food initiative' through partnerships with food banks. \$10 million SGF for the 'moderate income housing program' through a revolving loan opportunity. \$7 million SGF for 'domestic violence grants' due to a federal funding shortfall. In human services, there are increases for physician provider codes, personal care service, outpatient hospital rates, workforce grants to existing childcare providers and increase waive slots for the disabled. These increases were done in lieu of expanding Medicaid.

In higher education, the Senate added \$75 million SGF to construct a new cancer research facility at the University of Kansas Medical Center (in line with \$43 million in federal funding and a \$100 million private gift). \$25 million SGF for a state match for the 'KSU Ag. Innovation Initiative' on global food and agriculture research, teaching and engagement. \$15.4 million SGF to expand Fort Hays State University nursing program. \$35.7 million was deleted from the Regents' institutions until they can certify to the State Finance Council that there are no 'diversity, equity, and inclusion' activities. \$174.4 million (including \$73.5 million SGF) for a 5% state employee base pay increase. \$3 million to increase the hour minimum wage for state employees to \$15.03 which impacts 971 state employees. (A floor amendment was added forcing the Legislature to vote on the legislator's salary increases in 2025 - recommended by a special legislative pay committee last fall).

[https://www.kslegislature.org/li/b2023\\_24/measures/documents/bill\\_exp\\_sb514\\_01\\_0000.pdf](https://www.kslegislature.org/li/b2023_24/measures/documents/bill_exp_sb514_01_0000.pdf)

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## Legislative Tidbits

**MEDICAID EXPANSION HEARINGS:** For the first time since 2020, Medicaid expansion hearings for SB 355 and HB 2556 will be held on Wednesday – March 20. The Senate Ways & Means committee along with the Senate Public Health and Welfare committee will hold a joint committee meeting starting at 10:30 a.m. in the Old Supreme Courtroom – 346-S. The House and Human Services committee will meet at 1:30 p.m. in 112-N. The Legislature hasn't voted on Medicaid expansion since 2019, when the House passed a bill, but the Senate fell one vote short of pulling the bill from committee for floor action. Kansas is one of 10 states that has not expanded Medicaid since the federal government began allowing it in 2014. The final day for committee hearings this legislative session is March 22.

(The Alliance for a Healthy Kansas is coordinating written personal testimony to support expansion. Details at their website: <https://expandkancare.com/event/2024-hearings/>)

**FOREIGN OWNERSHIP OF KANSAS LAND:** The House Commerce, Labor and Economic Development committee advanced HB 2766 prohibiting 'countries of concern' from owning land within a 150-mile radius of a military installation. One amendment directs the Kansas Intelligence Fusion Center (a joint endeavor of the AG's office and the Adjutant General's Department) to designate a list of terrorist organizations that are subject to this bill (but limited to organizations already defined by the federal government). Another amendment states a company can operate in Kansas if it's been cleared by the Committee on Foreign Investment in the United States. The Attorney's General office can also review and make a determination.

**CONFLICTS OF INTEREST:** There are no House or Senate rules or even guidelines on 'conflicts of interest' regarding legislation. Bankers can sit on bank committees and vote on laws benefitting or blocking changes to banking fees or regulations. The same for lawmakers who sell insurance. This issue has been discussed under the Dome but no action has been taken. It makes sense to have an educated lawmaker on banking or insurance or real estate committees, but are there any red lines in terms of voting one's own economic interest? Should that be at least discussed?

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## Help KHF End Hunger in Kansas!



The Kansas Health Foundation(KHF) is seeking innovative ideas to tackle food insecurity. They acknowledge not having all the answers, and this crowdsourcing initiative will challenge assumptions, help them consider new ideas and allow KHF to hear from as many Kansans as possible.

[Learn More Here](#)

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## Upcoming Events



During the legislative session, the [League of Women Voters of Kansas \(LWVK\)](#) hold weekly zoom calls at **4pm on Fridays** with their policy observers. The League has offered to open up these calls for interested Policy Watch readers. Cille King is the policy coordinator for the League.

You will need to email Cille at [advocacy@lwvk.org](mailto:advocacy@lwvk.org) to be added to the notice list. Agendas come out a day or so before the call.

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The Dole Institute series, "Obstacles and Opportunities: Tackling Sustainability in Kansas," will be held Tuesdays this spring at the Dole Institute. This four-part series will be moderated by our Spring 2024 Dole Fellow, and KRC board member, Karen Willey.

Some of the most refreshing events are weekly discussion groups at the Dole Institute. Hosted by Dole Fellows, each weekly discussion focuses on a



Dole Institute  
Discussion Series

## Obstacles and Opportunities: Tackling Sustainability in Kansas

Featuring Karen Willey

Feb 20 - Feb 27 - March 19 - March 26

specific topic or issue and features an expert in that field. These events are oriented toward KU students, but are also open to the public. All presentations will be hybrid. These small discussion groups provide hands-on knowledge and direct interaction with experts.

[Learn more here](#)

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**Contributors to KRC are automatically on the Policy Watch e-list, if they provide an e-mail address. KRC provides Updates to the sponsoring organizations including League of Women Voters of Kansas, Kansas Natural Resource Council, Kansas Farmers Union, Climate and Energy Project, Audubon of Kansas, and Lawrence Bird Alliance, who make the Updates available to their memberships.**

**If you are receiving KRC Policy Watch through one of these organizations and have questions, contact the organization directly.**

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**For questions about Policy Watch content, contact Paul Johnson at [pdjohnson@centurylink.net](mailto:pdjohnson@centurylink.net)**

Kansas Rural Center | PO Box 314, North Newton, KS 67117

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