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KLPG Capitol Highlights

FROM PINEGAR, SMITH & ASSOCIATES, INC.

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2024 LEGISLATURE WEEK TEN

The Kansas Senate Committee of the Whole voted 24-15 to pass SB 514 after a six-hour debate on the \$25.1 billion budget. The legislature includes \$174.4 million to raise state employee salaries by 5%, \$78.7 million in increases to Medicaid outpatient hospital reimbursement rates, \$28 million to support the 2026 World Cup soccer events in Kansas City, \$23 million to start clearing disability services wait lists, \$15.7 million to send Kansas National Guard troops to Texas, and \$2.6 million to the Judicial Branch. The senators trimmed nearly a billion dollars in federal and state spending from Governor Kelly's plan by declining to pay down debt early and removing funding for special education. The budget bill is now in the hands of the House, and it has already been announced that it will undergo significant changes. When it finally reaches the governor's desk, it will be subject to line-item vetoes and can be augmented with an omnibus bill before the session ends.

The Kansas Senate has included a second flat income tax proposal in their nearly \$1.8 billion package that passed with a vote of 29 to 11 late on March 14th. The plan centers around a 5.7% flat income tax that would reduce by half a percent each year until 2029. It also drastically increases the personal income tax exemption from \$2,250 for individuals to \$11,000 and increases the existing exemption on state property tax. In total, the plan would cost \$1.5 billion over three years. The bill now heads to the House, where it is sure to be significantly altered. The Senate passed several other tax bills Thursday, including sales tax exemptions for feminine hygiene products and a tax credit and sales tax exemption for anti-abortion crisis pregnancy centers and maternity centers.

The Kansas Land and Military Installation Protection Act advanced out of committee and moved to the house floor for debate. The legislation seeks to ban land sales within 150 miles of military bases to citizens or companies in any of the ten *countries of concern* currently designated as *adversarial* by the U.S. Department of Commerce. Permanent residents who have already received a U.S. Citizenship and Immigration Service Green Card would be exempt from the mandate. Representative Chris Croft spoke in support of the bill, citing it as an essential step for maintaining state and national security. Representative Rui Xu suggested they should consider an amendment to address his concern that the bill has no inclusive wording for recent and future immigrants who will seek authorization to live and work in Kansas on a permanent basis after the statute has passed.

The Kansas Senate Committee on Judiciary held a hearing on SB 415 that would create harsher penalties for organized retail criminals involved in stealing large quantities of expensive items for resale purposes. Under this new law, such crimes would fall within the definition of *racketeering*. Attorney General Kobach emphasized how pressing this matter is for Kansas by noting that retail theft has cost businesses \$41 billion since 2022, putting Kansas in the top 10 states for the amount stolen.

The Senate Public Health and Welfare Committee and the Senate Ways and Means Committee have scheduled a joint Medicaid expansion fact-finding meeting on Wednesday, March 20th, at 10:30am. The House Health and Human Services Committee will also discuss Medicaid expansion that same day at 1pm. These are the first public committee hearings on Medicaid expansion in over four years. Governor Kelly expressed her appreciation for the hearings. She encouraged Kansans to remain engaged on this issue by writing, calling, or meeting with their legislators and then by attending both committee meetings. She also urged lawmakers to move the debates out of committee and onto their respective floors quickly because she believes there is now enough bipartisan support for Medicaid expansion to pass if it is ever put to a vote.

The House Committee on Transportation heard testimony from the **Kansas Highway Patrol** and the Kansas Department of Transportation about their failure to curtail the ongoing problem of excessive speeds on state highways and roads. The agencies asked lawmakers to help them create some sensible solutions for developing a different approach than simply handing out tickets, which has shown no evidence of reducing drivers' risky behaviors over the last several years.

Southern Pioneer Electric Company has filed an application with the **Kansas Corporation Commission** requesting approval to make customer rate design changes in order to modernize and better align rates to the cost of service. The company is proposing a three-part rate design that separates the customer charge, energy delivery/demand charge, and energy charges. The three charges are already part of the current rate structure; however, a three-part rate provides a more accurate representation of the cost of providing service to customers. An increase in the customer charge for residential service and general service for small customers is also requested. Rate design changes are also proposed for large commercial and industrial customers. Southern Pioneer customers will have an opportunity to hear more about the proposed rates at a virtual public hearing on March 19th, beginning at 6pm via ZOOM. Registration is required only for those wanting to make comments or to ask questions. The hearings will also be broadcast on the KCC's YouTube channel. For more information, customers may visit <https://www.kcc.ks.gov/your-opinion-matters> or call 800-662-0027. Questions and comments may also be sent to the KCC Office of Public Affairs and Consumer Protection, 1500 SW Arrowhead, Topeka, KS 66604-4027.

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This is a weekly legislative summary of Kansas government, and other statewide news, gathered and compiled independently from various media reports.

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PINEGAR, SMITH & ASSOCIATES, INC.
513 SW VAN BUREN STREET | P. O. BOX 555
TOPEKA, KANSAS 66601 | 785-235-6245
JPINEGAR@SBCGLOBAL.NET
DSMITTY@SBCGLOBAL.NET