



MEMORANDUM

To: Interested Parties

From: John J. Federico, JD
Stephen P. Duerst, JD

Date: March 22, 2024

Re: Weekly Report – Week of March 18, 2024

Please see our Weekly Report on Kansas Legislative activities:

A SPECIAL NOTE ON BILL TRACKERS

Bills are introduced in the Kansas Legislature daily. We update your Bill Tracker every day and the link to your Bill Tracker is now automatically updated. Please ensure you monitor the Bill Tracker to be kept apprised of what legislation has been introduced impacting your organization.

If there are bills that you would like *removed* from or *added* to your bill tracker, please contact Liz Sosa (Liz@FedericoDuerst.com).

As always, our office is more than happy to send you specific language as well.

2024 SESSION COMMITTEE WORK ENDS; FLOOR WORK & CONFERENCE COMMITTEES TO BEGIN NEXT WEEK

Committee work concluded for the 2024 Session this week. Lawmakers worked hard to pass bills before debating on the floor of the House and Senate all next week. Lawmakers have extra incentive to quickly finish their work as all 125 members of the House and 40 members of the Senate are up for reelection this year and cannot raise money for their campaigns from non-individual donations until Session concludes.

CCBHC LEGISLATION MOVES FORWARD

The [Senate Health Committee](#) passed a bill that would pave the way for certification of Community Mental Health Centers (CMHCs) to become Certified Community Behavioral Health Centers (CCBHCs).

According to the bill, on and after July 1, 2027, the bill would require KDADS to certify as a CCBHC any CMHC that is licensed by KDADS and provides certain services, as in current law. [Rep. Stephen Owens](#) (R-Hesston) amended the on the House Floor bill to specify that only CMHCs licensed by KDADS and providing certain services would be certified as CCBHCs until July 1, 2027. The bill was also amended to sunset provisions related to certification renewal on July 1, 2027.

The bill passed [108-12](#) in the Senate and is awaiting a vote in the House.

MASSIVE IT OVERHAUL BILL HEARD AND PASSED OUT OF COMMITTEE IN SPAN OF TWO DAYS

The [House Legislative Modernization Committee](#) heard a bill on Monday that proposes a massive overhaul of the structure of the state's IT system. Generally speaking, the bill would consolidate IT services for the three branches of government – Legislative, Judicial and Executive – and create a Chief Information Security Officer (CISO) for each branch. It would also set reporting practices and various procedures. All state websites would also be required to move to a .gov domain.

The chief proponent of the bill, [Rep. Blake Carpenter](#) (R-Derby) said that because of the recent ransomware attack on the Judicial Branch this fall, as well as other reported security breaches, more stringent and immediate changes to the state's IT operations are needed. The implementation of the program would be phased in over time among the branches.

State Chief Information Technology Officer (CITO) [Jeff Maxon](#) was neutral on the bill. He applauded the effort to streamline and consolidate services. He also offered some suggestions for the bill, including keeping the current responsibilities of the Information Technology Executive Council (ITEC).

The bill was worked and passed out of committee as [Sub SB 291](#).

BILL TO HELP HOMELESSNESS ISSUE HEAVILY AMENDED, PASSES OUT OF SENATE COMMITTEE

Following the meetings of a [2023 Interim Committee on Homelessness](#), the 2024 Legislative Session saw two major pieces of legislation aimed at funding homelessness solutions across the state. Initially included in the Governor's budget for the year was a one-time appropriation of \$50 million in available matching grant funding to be administered through the Kansas Department of Aging and Disability Services (KDADS). However, this was removed in favor of the solutions presented in the following 2 bills.

[HB 2723](#) was introduced by Representative Leah Howell from Derby, Kansas in the [House Committee on Welfare Reform](#) on February 6. The bill does the following:

- Makes a onetime appropriation of \$40 million to KDADS for the administering of 1:1 matching grants local governments for the construction of both congregate and non-congregate shelters for homeless individuals and families.
- Mandates that local governments receiving this grant money:
 - Provide wrap-around services to homeless individuals and prioritizes services for Kansas residents
 - Collect data required by HUD
 - Enforce any ordinances regarding camping and vagrancy
- Includes a "claw-back" provision that would allow the state to recover any grant money given to a local government that did not follow the above mandates.

The bill had a hearing on March 5. All conferees in the hearing were proponents or neutral; there were no opponents.

Following this hearing, the Committee scheduled discussion around the homelessness issue, inviting stakeholders from across the state to present. The Committee finally took final action on HB 2723 on March 21. Ultimately the Committee voted to "table" the bill, effectively killing it.

[SB 542](#) was introduced on March 11 by [Sen. JR Claeys](#) (R-Salina) in the [Senate Committee on Ways & Means](#). The provisions of the bill were identical to the House version.

The bill had a hearing on March 19. All conferees in the hearing were proponents or neutral; there were no opponents.

The Committee took final action on SB 542 on March 21. There were 3 amendments made to the bill at this time. A large amendment was introduced by Sen. Claeys and eventually adopted, making the following changes:

- Requires cities and counties to adopt ordinances and resolutions regarding camping and vagrancy
- Allows any person to bring a writ of mandamus for non-enforcement of these ordinances
- Prohibits the transportation and dropping-off of homeless individuals, unless under stable circumstances
- Changes the total grant amount for FY2025 to \$15M
- Provides that a grantee will receive 75% of awarded funds in 2025 with the other 25% to be received in 2026
- Defines “shelter” and “wrap-around services”
- Limits shelter occupancy to U.S. citizens, lawful immigrants, and those under the influence of drugs and alcohol
- Adds reporting requirements for those receiving grants
- Puts civil liability on local governments who oversee a shelter, and that shelter’s employees, should a shelter resident be harmed due to the lack of enforcement of policies.
- Excludes Sedgwick County precinct 606, where the Riverside Hospital facility is located and where they are looking to purchase and construct a shelter, from receiving any funds put forth in this bill

The following 2 amendments were introduced by [Sen. Jeff Pittman](#) (R-Leavenworth). They were both adopted and do the following:

- Carves out at least 20% of the total amount to go to cities with populations less than 45,000
- Allows matching funds to be privately donated

Following the adoption of the 3 amendments, the bill was moved favorable for passage out of the committee and now sits awaiting action on the Senate floor.

SENATE TAX COMMITTEE CONSIDERS ELIMINATING HPIP & PEAK PROGRAMS

On March 19, the [Senate Taxation Committee](#) heard [SB 546](#). The bill would halt the High-Performance Incentive Program (HPIP) and Promoting Employment Across Kansas (PEAK) incentive. The bill further spells out that eliminating these programs would be offset by a reduction of the corporate rate over three years to 3% in Tax Year 2025 and 2.7% in TY24 and out years.

The bill was intended to bring down the corporate rate by eliminating budget liabilities accounting for these credits. The hearing saw major pushback from industries which utilize the credits. The statewide Chamber of Commerce appeared neutral, calling for a discussion in the interim and cautioned against removing the two credits which serve as major incentives to attracting new business to the State.

While the Committee announced the bill will be brought for discussion, it has a doubtful path forward late in the Session.

HOUSE ADVANCES NEW TAX BUNDLE WITHOUT SINGLE RATE

The House has unveiled and quickly advanced a tax bundle which House leadership plans to advance as the considerable tax package this Session. After failed attempts to advance a [tax package](#) with a single rate or 'flat' State income tax, the House has conceded with a new plan viewed as a [compromise](#) which will provide comprehensive tax relief this Session.

The House plan includes the following provisions:

- The bill would strike the current three-tier income tax rate, eliminating the lowest bracket, setting the two-tiered system with a starting rate of 5.2% and a top rate of 5.65% for income of \$30,000 and over (\$60,000 for joint filers).
- Increases the standard deduction and personal exemptions by 3% and tying future increases to inflation factors.
- Eliminates all income tax on Social Security payments over a four-year phase out. This addresses the current tax cliff for income greater than \$75,000.
- Exempts the first \$80,000 in property from statewide property taxes, providing for an inflation adjustment in future years.
- Reduces the Statewide Mill Levy from 20 Mills to 18 mills, providing property tax relief across all properties. There is a provision to provide for funding transfers of State General Funds to make whole School Districts which are currently drawing from this income.
- Repealing Local Ad Valorem Tax Reduction Fund (LAVTRF). This Fund distributes State incomes to Counties for the purpose of property tax relief, however a transfer to the fund has not occurred in over twenty years. This also eliminates the defunct City County Revenue Sharing Fund (CCRSF).

The bill was introduced on March 19 and had a hearing scheduled the next day, where there were no opponents to the bill. The [Committee](#) worked the bill on March 21. There were attempts to adjust the SSI language which failed. The Committee did add an amendment which provides for a transfer of motor vehicle registration tax through the diversion of funds from SGF to Counties for the purpose of road maintenance to address declining gas tax revenues.

The House tax package was then placed in the shell of [SB 300](#) and passed out of Committee. The Senate will have an opportunity to concur with the amendments and send the bill to the Governor's Desk, though it is likely that the provisions will be taken to Conference Committee.

CONFERENCE COMMITTEE LOOMING AS HOUSES PASSES ITS BUDGET

The House [passed](#) its version of the Budget on Tuesday after hours of debate. Highlights of the [House's version](#) of the budget include the following:

FY2024

- \$47.7 million SGF to pay off the remaining balance and **debt obligation** for bonds.
- \$11.8 million, including \$11.4 million SGF, to account for a shortfall in appropriations for the **Legislative Pay Plan** in 2023 SB 25.
- \$7.0 million SGF to create and maintain a **centralized electronic credentials verification system** pursuant to 2023 SB 66 in the Department of Administration.
- \$3.4 million SGF for expenditures related to a **security incident at the Judicial Branch**, including \$1.0 million SGF to provide one year of credit monitoring services to individuals impacted.

FY2025

- \$10.0 million for **small town infrastructure assistance grants** to support technical assistance and drinking water and sewer system upgrades for towns with populations less than 500.
- \$10.0 million, all from federal ARPA funds, for the **2026 World Cup games**.
- \$10.0 million SGF for the **Moderate Income Housing program**. This funding would support housing and workforce development through a revolving loan opportunity.
- Add \$16.9 million, all from special revenue funds, for **housing and retail development in Northwest Kansas**.
- \$7.0 million SGF for domestic violence prevention grants and **Child Advocacy Center grants**, due to a federal funding shortfall.
- \$5.0 million SGF for ongoing costs associated with the **unemployment insurance system**, including for core and peripheral system maintenance as well as continued hourly contract support after the go-live date.
- \$4.5 million SGF for a dollar-for-dollar matching grant with non-State funding for a **Community Education and Health and Wellness Center project in downtown Kansas City, Kansas**.
- \$1.1 million SGF for expenditures related to a **security incident at the Judicial Branch**.
- \$60.9 million, including \$23.4 million SGF, in one-time funding to continue the **Medicaid add on payment to nursing facilities** based on the number of Medicaid patients served for FY 2025 only.
- \$48.3 million, including \$18.6 million SGF, to increase the average reimbursement rate for agency-directed personal care services on the **Frail Elderly (FE) waiver** to \$30 per hour.
- \$45.8 million, including \$17.8 million SGF, to add 500 slots each to the **I/DD waiver and the PD waiver**.
- \$45.2 million, including \$17.9 million SGF, to **raise all Medicaid outpatient hospital provider codes** by 30.0 percent.
- \$33.9 million, including \$13.6 million SGF, to **increase physician provider codes** that are currently below 79.5 percent of the Medicare rate or have no equivalent Medicare rate, by 15.0 percent.
- \$18.8 million, including \$7.2 million SGF, to **increase the supported employment rate** from \$18 per hour to \$40 per hour for the I/DD waiver.
- \$17.0 million, including \$8.5 million SGF, to develop a new system compliant with federal **Comprehensive Child Welfare Information System (CCWIS)** requirements.
- \$6.5 million, including \$1.6 million SGF, for a new employment data contract for **Medicaid eligibility**.
- \$75.0 million SGF to construct a new cancer research facility at the **University of Kansas Medical Center**. Other funding for the facility would include \$43.0 million in federal funding and a \$100.0 million gift from the Sunderland Foundation.
- \$4.4 million SGF and 30.0 FTE positions for the **Fight Against Fentanyl effort**.
- \$174.4 million, including \$73.5 million SGF, for a 5.0 percent **state employee base pay increase**. The plan would increase salaries for classified and unclassified employees but would exclude statewide elected officials, legislators, and employees on a formal career progression plan. If approved, the funds would be appropriated and certified for distribution by the State Finance Council.
- \$3.0 million, including \$2.0 million SGF, to **increase the hourly minimum wage for state employees** to \$15.03. This would affect approximately 971 state employees.

FY2026

- \$18.0 million, all from federal ARPA funds, for the **2026 World Cup games** for FY 2026, with language directing the Director of the Budget to transfer any available non-SGF moneys to the World Cup ARPA fund and lapse any unused federal ARPA funding. Further, add language requiring

the FIFA World Cup Kansas City committee to provide an accounting report of all expenditures with an economic and fiscal impact report.

The Senate passed its budget on March 14 by a vote of [24-15](#). The first meeting of the Budget Conference Committee is expected to take place Monday afternoon. The budget is the only item that constitutionally needs to be passed before the Legislature can adjourn.

MEDICAID EXPANSION EFFORTS END WITHOUT ADVANCEMENT

The [House Health & Human Services](#) Committee held a much-anticipated hearing on [HB2556](#) regarding Medicaid Expansion on Wednesday. Due to time constraints, the majority of [testimony](#) was submitted as written, with verbal proponents emphasizing the health and economic benefits, while opponents touted the unsustainable cost associated with broadening the patient base to able-bodied adults. A motion Thursday sought to move the bill out of committee without recommendation so that a full floor vote could be taken. The motion failed with only five affirmative votes; the opposition votes were not counted. This effectively ends the opportunity for further discussion on this issue this session.

BUILD KANSAS ADVISORY COMMITTEE MEETING HELD

Please click [here](#) to read our memorandum from a recent meeting of the BUILD Kansas Advisory Committee. The Committee considered various requests for matching funding on applications for federal grants.

KANSAS INFRASTRUCTURE SUMMIT & BROADBAND PERMITTING WORKSHOP TO BE HELD

Cities, counties, tribal governments, regional planning organizations and the private sector are encouraged to attend the Kansas Infrastructure Summit to hear the latest about Bipartisan Infrastructure Law (BIL) funding opportunities, learn about resources available to help pursue grant funding and deliver projects, and discuss current issues and needs related to BIL. Details are below.

April 24, 2024

9:30 a.m.– 4:30 p.m.

Tony's Pizza Events Center

800 The Midway

Salina, KS 67401

Topics Covered Include:

- Build Kansas Fund: State funds are available to help communities with matching funds in some cases. Learn how to apply.
- Successful BIL grant applications and project examples from Kansas communities
- Upcoming grant opportunities - NOFOs, which stands for Notice of Funding Opportunities
- How to develop project ideas and determine project readiness
- Things you need to know before applying for BIL grants
- How to research grant opportunities
- How to match your ideas to funding opportunities
- Establishing partnerships and working regionally
- How to write an application that effectively responds to a NOFO
- How to work with Federal Funds and compliance considerations
- Performance metrics, tracking and reporting

The Summit is being hosted by the Kansas Infrastructure Hub. The Infrastructure Hub is Kansas' coordinated approach to identifying best practices from across the nation for deploying funds and maximizing Kansas' BIL opportunities in transportation, energy, broadband, water, and cybersecurity.

Questions should be directed via email to bil@ks.gov. Interested parties can click [here](#) to register. *There is no fee to attend the Summit, however registration is required and is limited to the first **400** people.*

Following the Infrastructure Summit, we invite you to attend the Kansas Office of Broadband Development's (KOBD) Permitting Workshop on April 25 at Tony's Pizza Events Center in Salina. Join KOBD partners for a daylong event where we will share best practices and guidelines to support overcoming permitting barriers and ensuring speedy deployments.

For more information on the KOBD workshop, please contact: morgan.a.barnes@ks.gov.

OTHER PRESS RELEASES & UPDATES

- [Governor Kelly Signs Bipartisan Bill Honoring Father Emil J. Kapaun](#)
- [Governor Kelly Announces More than \\$76M Investment by Marvin, Creating 600 Jobs in Kansas City, Kansas](#)
- [Governor Kelly Announces H&T Recharge Investing \\$110M, Creating 180 Jobs as New Panasonic Supplier](#)
- [Governor Kelly Attends 2024 Ogallala Aquifer Summit: Remarks as Prepared](#)
- [Governor Kelly Appoints Chris Kennedy as Secretary of Wildlife and Parks](#)
- [Governor Kelly Signs Bipartisan Bill Allowing Private Funds to Support Dolly Parton's Imagination Library](#)

WEEKLY SCHEDULE: MARCH 25 – MARCH 29, 2024

Schedule subject to change. Daily Session calendars may be found [here](#).

A very limited number of Committees and Conference Committees may meet this week.

The House and Seante are both scheduled for Floor Debate all week.