



KANSAS LEGISLATIVE UPDATE



Week of February 5th, 2024

During the fifth week of the 2024 Legislative session the House voted on six bills and a resolution on Texas and the border. The Senate has yet to be on General Orders this year. The House did not take up the Governor's veto of the GOP Tax Package because multiple members were out this week. Look to see the veto override happen next week. Each chamber has 30 days to take up a Governor's veto.

Power Kansas - HB 2527

The **KC Chamber** submitted testimony in favor of HB 2527, which would create a more development-friendly electrical energy development policy so that utilities could invest capital in a more fair way and attract more capital to the state. As a chamber representing rapidly growing businesses in Kansas and Missouri, we see HB 2527 as a key economic development bill that will help Kansas to be more competitive with surrounding states in attracting advanced manufacturing businesses and other industries.

HB 2527 includes a Plant In-Service Accounting (PISA) mechanism that will allow a utility to capture most of the investment it makes in a system and fairly account for capital structure. The bill also includes an Economic Development Rider that would match Missouri's 10 year rider. Until Kansas adopts a more investment-friendly approach as in HB2527, the Chamber believes Kansas will continue to lose development such as manufacturers and data centers to surrounding states including Missouri.

Multiple chambers of commerce offered proponent testimony including the Overland Park and Leawood Chambers. The proponents discussed the economic impact and how this legislation will make Kansas more attractive to investors. There were also several opponents to the bill. Opponents believe the legislation is taking away power from the Kansas Corporation Commission. The Committee will continue to work on HB 2527 and has asked both sides to come together and work towards a compromise.

For more information on HB 2527 visit: https://www.kslegislature.org/li/b2023_24/measures/hb2527

Foreign Land-Owning Legislation – SB 446

The **KC Chamber** testified in opposition to SB 446 which would prohibit all foreign nationals, foreign businesses, and foreign governments from purchasing more than three acres of land in Kansas unless authorized by a new government agency. The KC Chamber believes that national security is of the utmost importance to our residents and businesses, and we applaud policymakers at all levels who work to increase security and public safety. However, we believe that SB 446 goes too far and will have the unintended consequences of restricting free enterprise and economic development in our state.

The KC Chamber supports a pro-business environment and a free market in real estate that allows Kansas to be competitive in an increasingly complex 21st century economy. We believe that prohibiting or restricting foreign ownership of land in Kansas would hinder economic development and reduce our ability to remain globally competitive. Senate Bill 446 will place undue restrictions on business and trade in Kansas and have a negative impact on supplies coming from international markets. This legislation would serve to restrict so much of the international trade Kansas has been working to grow with countries around the globe, something that Kansans and Kansas businesses rely on.

The KC Chamber was joined by many entities across the state including the Kansas Chamber of Commerce and Kansas Farm Bureau in opposition to SB 446. There were three proponents including Kansas Attorney General Kris Kobach. The House is also working on legislation but have the bill more tailored to those on the foreign advisory list. The KC Chamber will continue to monitor SB 446 and urges the Kansas Legislature to continue its record of supporting economic development and growth in our state take no further action on SB 446.

For more information on SB 446: https://www.kslegislature.org/li/b2023_24/measures/sb446/

Remodeling Tax Credit

The KC Chamber supported HB 2585 which will encourage commercial remodeling construction in all areas of the state. This important legislation will provide clarity to builders on a confusing area of sales tax law and help spur commercial remodeling construction that will benefit the state and the greater Kansas City area.

HB 2585 would exempt “labor services” involved in commercial remodeling construction from sales tax and make the state more competitive with our surrounding states. The impact of sales tax on commercial remodeling labor can be significant as the current 6.5% base state sales tax rate together with any city, county and possible special assessment rates can result in combined sales tax rates of 6.5% to nearly 11.5% depending on a project’s location. Every commercial remodeling construction project is different depending on the type, location, and complexity of the project. Obviously, the negative impact of imposing sales tax on labor services on any given commercial remodeling project only increases as labor services costs approach or sometimes exceed the cost of materials.

The KC Chamber believes the elimination of this labor services tax is long overdue. None of Kansas’ neighboring states impose such a tax and only a few states nationwide do so. This harmful tax puts Kansas at a competitive disadvantage with other states and is especially true in the Kansas City area.

The KC Chamber will continue to monitor HB 2585 as it makes its way through the process. For more information on HB 2585 visit: https://www.kslegislature.org/li/b2023_24/measures/hb2585/

World Cup Update

The Senate Commerce Committee made its budget recommendations for the Department of Commerce this week. Included in that budget request was \$28 million for the World Cup local hosting responsibilities. The committee requested that the money come from ARPA funds and not the state general fund. The KC Chamber/ KC Civic Council were encouraged to see the Committee add an additional \$8 million to the Governor’s World Cup budget request of \$20 million. The Commerce Committee’s recommendations now head to the Senate Ways and Means Committee. We will continue to support and follow this budget request through the process.

Hearings

The hearing schedule for next week is linked below.

House and Senate: https://www.kslegislature.org/li/b2023_24/chamber/calendars/

To view House/Senate Legislative Hearings please visit the Kansas Legislature’s YouTube channel:

https://www.youtube.com/channel/UC_0NO-Pb96CFABvxDwXAq8A

Key Upcoming Dates

February 23rd – Turn Around (Last Day for Non-Exempt Bills in House of Origin)

March 28th – Last Day for Non-Exempt Bills in Either House

April 5th – Drop Dead Day – First Adjournment

April 29th – Veto Session Begins

KC Chamber Kansas State Affairs Committee Meeting February 16th, 12-1:15 p.m.

Please note a change of venue for the February meeting

KC Chamber

World Trade Center Conference Room

30 W. Pershing Rd

Kansas City, MO