



**2022 Kansas Legislative Session
Weekly Legislative & Regulatory Update
Week 3**

At a Glance

- Redistricting kicks off, EO signed into law, Project Apex mystery
- Hearings on Food Sales Tax elimination & bills taking aim at renewable energy
- LPA Reports – Public/private competition & STAR Bonds

Looking Ahead

- 25 January – SB 325 Hearing Senate Local Government
- 26 January – SB 323 Hearing Senate Utilities
- 27 January – HCR 5023 Resolution Hearing House Energy & Utilities
- 27 January – SB 325 Hearing in Senate Local Government
- 27 January – SB 324 Hearing in Senate Utilities

Redistricting, EOs and the Mystery Mega Project

Kansas lawmakers opened the once-a-decade redistricting process last week by throwing a dozen or so potential new Congressional maps into the ring for deliberation. Each map is named after a symbolic Kansas reference so out come all the fun Kansas names – Ad Astra, Bluestem Congress, Buffalo, Meadowlark, Mushroom Rock, Prairie Dog, and Sunflower. There is also a numeric number ascribed to each map so debate may center around Ad Astra 2 and Sunflower 3 and Prairie Dog 5 or 6. Each iteration of each map has an associated 132-pages of population data and census analysis to ensure each district is balanced and is not over or under the required threshold. The unsung heroes of the redistricting process are the Legislative Research staff members which pour over tiny details reconfiguring version after version and creating entirely new maps per legislative request.

Last week, the Senate Redistricting Committee focused first on the Congressional map and ultimately ended up passing the Ad Astra map. There were several different iterations of the proposed Senate congressional maps most of which split Johnson and Wyandotte counties – despite significant public testimony calling for the two counties to remain together. Johnson County witnessed rapid growth since the 2010 census which means the 3rd district could become a denser urban district however the Congressional map passed by the Senate splits Johnson and Wyandotte counties and puts part of Wyandotte County as bisected by 1-70 into the Big First congressional district and the

3rd shifts further south to pick up several new, less populated exurbs. The House is likely to take up the Senate Congressional map this week while the Senate may dive into discussion on either the State Senate maps. The key number for the Senate district map is 73,477 – the number of Kansans per Senate district. It is an election year for the House and Senators are already eyeing their 2024 re-election efforts, so this is always a very telling endeavor as lawmakers seek to collapse, expand or gerrymander fellow legislators' districts. Redistricting can be a very delicate process and can dictate how smoothly the balance of the session will go. Note a sampling of the maps at the end of the report.

Fast Track

With about twelve hours on the clock remaining the Governor's health care Executive Orders expired, a bill was sent to Governor Kelly for her signature that would extend for a year some key health-care staff provisions. The bills allow hospitals, nursing homes and other medical facilities to hire non-certified employees for testing, vaccination and other care for patients. The bill allows loosens some other restrictions on current practicing health care providers to address COVID. The EOs also allow students and out-of-state workers to be permitted to practice in Kansas. The COVID staffing bill was the first signed into law this session and it was published in a flash edition of the Kansas Register shortly after the bill was signed to take effect immediately. Last session, lawmakers cut short the length of time Executive Orders could stand without legislative approval to just 10 days. The House passed the EO bill 106-5 and the Senate passed the measure 35-0.

The Senate also passed legislation granting sales tax exemptions for certain purchases (i.e. fencing) and property tax relief from property damaged by the December fires stemming from the wind storm. The Senate backdated the tax relief to aid those impacted in Douglas County from the May 2019 tornados and windstorm. The House will consider the bill this week.

Mega Mystery

There is all sorts of palace intrigue swirling about the Mega project, known as Apex, that is requiring swift and significant action and investment from the Kansas Legislature. An undisclosed location in eastern Kansas is one of two places being considered for what could be a \$4 billion, 6,000 job, 3,000,000 square foot manufacturing facility. There were 69 sites considered and the eastern Kansas location has thus far survived the whittling down process. A decision is to be made in a couple/three weeks by the company on the final location with an announcement made in early/mid-March. Kansas officials are asking the Legislature for swift passage of a bill that would provide sales, property and income tax abatements as well as a state investment of \$1 billion – about a

quarter of the total project investment. The Senate Commerce Committee heard testimony on the bill and some committee members are lukewarm to the concept if not down-right skeptical. One Senator asked why the State was choosing to invest so much in attracting new business/industry versus investing the same amount in existing small businesses in Kansas. The House seems more receptive. The mega project was an unexpected wrinkle in the session's discussions.

Week 3

Two bills related to eliminating reducing to 0% the state portion of the sales tax on food will be considered in the House Tax Committee. The Governor during her State of the State address noted the bill could be simple – just 13 words. But in reality, with all the changes to the tax code and the opportunity for some clean up, one bill is more than 30 pages while the other is more than 60 pages. Although those bills will pale in comparison to the forthcoming mega water bill which is expected to be many hundreds of pages long!

Many committees are still receiving updates from various organizations or agencies of jurisdiction. The Senate Ways & Means Committee just posted its five subcommittees which will begin deliberations on the Senate's proposed budget. The various commodities (Wheat, Corn, Soybean and Grain Sorghum) are making the rounds in the various Ag Committees. Presentations will be made in respective committees about performance-based budgeting for the Board of Healing Arts, the Historical Society, the Regents, Department of Commerce and Department of Wildlife & Parks. The Conservation Districts will be presenting alongside the Kansas Water Authority in the House Water Committee.

The House Energy & Utilities Committee continues to hear from the various stakeholder groups that it has jurisdiction over including the electric and natural gas utilities which presented last week, including Kansas Municipal Utilities. This coming week the telecommunications industry will provide updates. On Thursday however, the House Energy & Utilities Committee is holding a hearing on a resolution denouncing price gouging and encouraging the Attorney General to continue any investigations into any such situation during the February 2021 Winter Storm Uri event. Following the HCR hearing, there will be a briefing on Electric Vehicle adoption and impacts by various speakers. Projected use, tolling projects, national trends and the impact of EV usage among states are the topics to be discussed. A similar presentation will be delivered in the House Transportation and Public Safety Committee.

The Senate Utilities kicks off a full week on Monday with a telecom briefing as well followed by Justin Grady, Chief of Rates at the Kansas Corporation Commission, who will be discussing Kansas electric utility rates. On Wednesday, SB 323 receives a

hearing in Senate Utilities. The bill would dramatically alter renewable energy leases in Kansas and place many new state-imposed restrictions on how landowners can enter into contracts. Thursday, SB 324 receives a hearing in Senate Utilities. The measure would create a state-imposed zoning process on all counties in Kansas – zoned and unzoned regarding renewable energy. The bill places further limitations on landowners freedom to contract and counties ability to regulate local development.

The Senate Local Government Committee is holding a two-day hearing on SB 325, a sweeping bill that would effectively halt renewable energy development in Kansas. The bill, like its counterparts SB 323 and SB 324, also address zoning, land use and freedom to contract.

The Redistricting Committees saw the most fireworks during week two, however the Tuesday morning meeting of the Senate Public Health and Welfare Committee devolved the most quickly. The meeting was intended to be a briefing on COVID-19 statistics and practices from the new KDHE Secretary, but the meeting took a turn. Senate Utilities had two speakers provide remote testimony including Robert Bryce from Texas who spoke at length about the February weather event, largely in relation to the Texas experience. Upon conclusion of his comments he promoted his new movie, his books and his podcast – that was a first.

Legislative Post Audit (LPA) released an audit last week regarding public/private competition. LPA noted the results were not conclusive due to a low response rate. But the report or 13-minute podcast was interesting nonetheless.

[Study of Taxation and Exemption Issues – Kansas Legislative Division of Post Audit \(kslpa.org\)](https://kslpa.org/study-of-taxation-and-exemption-issues)

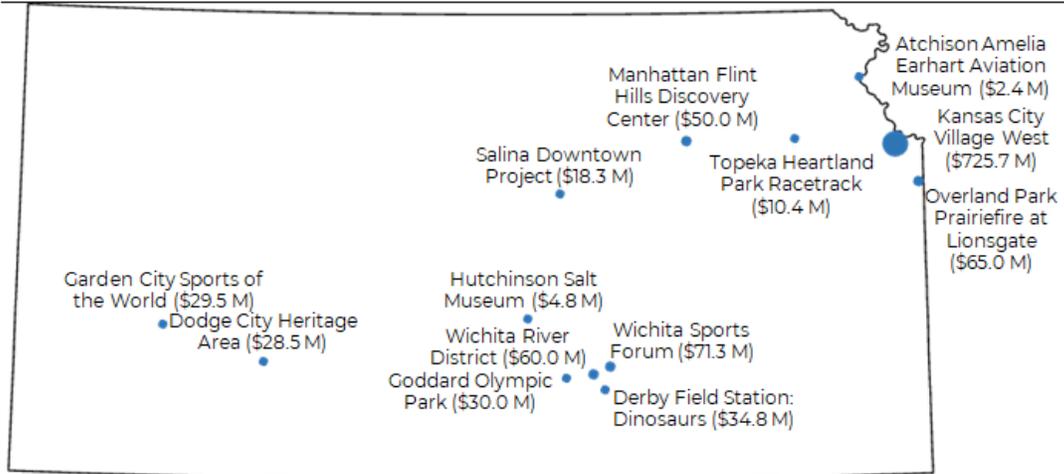
Legislative Post Audit also completed an audit of Star Bonds in Kansas in August 2021 and the findings were presented this week to the committees of jurisdiction. There were several interesting nuggets from the report. A link to a podcast of the report is also included. [STAR Bonds Financing Program – Kansas Legislative Division of Post Audit \(kslpa.org\)](https://kslpa.org/star-bonds-financing-program)

- Kansas was the first state to create a STAR Bonds program. Illinois and Nevada modeled similar programs on the KS statute, but neither have used their STAR bonds tool since 2010.
- As of November 2020, 12 cities have issued about \$1.1 billion in total bonds for 20 projects.
 - o \$726m (64% of those bonds were for the Village West district).
 - o \$873M in tax revenue thus far has been used to pay off this bond debt.
 - o \$668M or 76% came from state sales and use taxes and \$205M or 24% from local, sales, use and transient guest taxes
- Only 3 of the 20 projects met Commerce's tourism goals

As of November 2020, about \$873 million in mostly state sales tax revenue has gone toward retiring \$1.1 billion in STAR bonds.

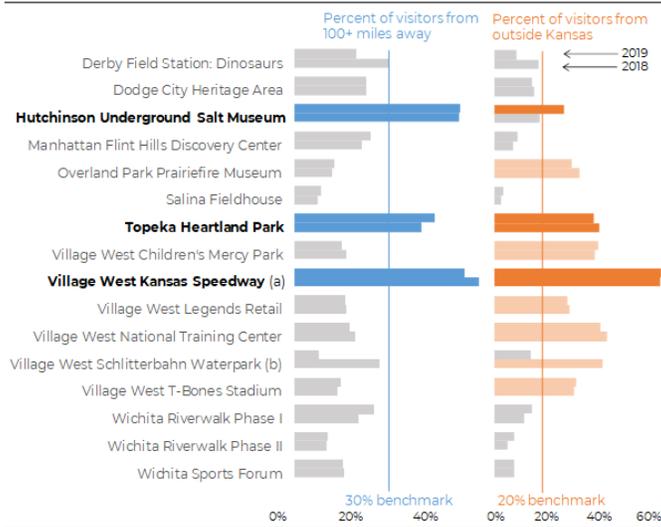
- As **Figure 1** shows, 12 cities have created 13 STAR bond districts since the program began. These districts include 20 tourist attractions. The Village West district in Wyandotte County is unique in that it includes 6 of the 20 STAR bond attractions.

Figure 1
As of November 2020, over \$1.1 billion in STAR bonds have been issued for projects in 13 STAR bond districts.



Source: LPA review of Department of Commerce data and STAR bonds program annual reports (audited).

Figure 2
Only the Underground Salt Museum, Heartland Park, and Kansas Speedway met both of Commerce's tourism-related goals in one or both years we reviewed.



(a) Only includes major race days. Also, includes the casino on the Speedway grounds.
 (b) Schlitterbahn Waterpark closed after its 2018 season. 2019 visitors are likely demolition or other workers, rather than tourists.

Source: LPA analysis of StreetLight data.

- As the figure shows by the dark bars, only 3 attractions met both of Commerce's goals in 1 or both years we reviewed. The Kansas Speedway and Topeka Heartland Park met both goals in both years. The Hutchinson Underground Salt Museum did so in 2019.
- The Kansas Speedway did not meet both tourism goals when evaluating visitation for the entire year. However, it met them during its major scheduled events in 2018 and 2019.

Figure 3
The Village West Legends retail area drew large visitor numbers
in the years we reviewed. (a)

STAR bond attraction	Approximate total 2018 visitation	Approximate total 2019 visitation
Derby Field Station: Dinosaurs	30,000	30,000
Dodge City Heritage Area	2,000,000	2,000,000
Hutchinson Underground Salt Museum	60,000	60,000
Manhattan Flint Hills Discovery Center	40,000	30,000
Overland Park Prairiefire Museum	200,000	300,000
Salina Fieldhouse	90,000	200,000
Topeka Heartland Park	200,000	200,000
Village West Children's Mercy Park	400,000	400,000
Village West Kansas Speedway (b)	300,000	200,000
Village West Legends Retail	20,000,000	20,000,000
Village West National Training Center	40,000	200,000
Village West Schlitterbahn Waterpark (c)	50,000	6,000
Village West T-Bones Stadium	200,000	100,000
Wichita Riverwalk Phase I	2,000,000	2,000,000
Wichita Riverwalk Phase II	600,000	700,000
Wichita Sports Forum	300,000	400,000

(a) We rounded these figures. StreetLight data provides rough estimates of total visitation. They shouldn't be viewed as precise counts because StreetLight focuses primarily on vehicle traffic.

(b) Only includes major race days. Also, includes the casino on the Speedway grounds.

(c) Schlitterbahn Waterpark closed after its 2018 season. 2019 visitors are likely demolition or other workers, rather than tourists.

Source: LPA analysis of StreetLight data.

As the figure shows, the 16 attractions we reviewed drew very different visitor numbers. The Village West Legends retail area had far more visitors than any other attraction.

Bills Introduced

Two additional bills have been introduced by Senate Utilities Chairman Mike Thompson targeting renewable energy, SB 353 relating to siting, setbacks, lighting, sound and a suite of other restrictions; and legislation related to the property tax exemption for electric generation. Evergy requested introduction of legislation that would modify last year's securitization legislation to allow for fossil fuel based units to remain in rate-base and run during times of emergency. The Kansas Industrial Consumers group introduced a bill that would place a rate cap on investor-owned electric utilities.

As always, please call/email or text anytime with questions! We are here to help!

Contact Information

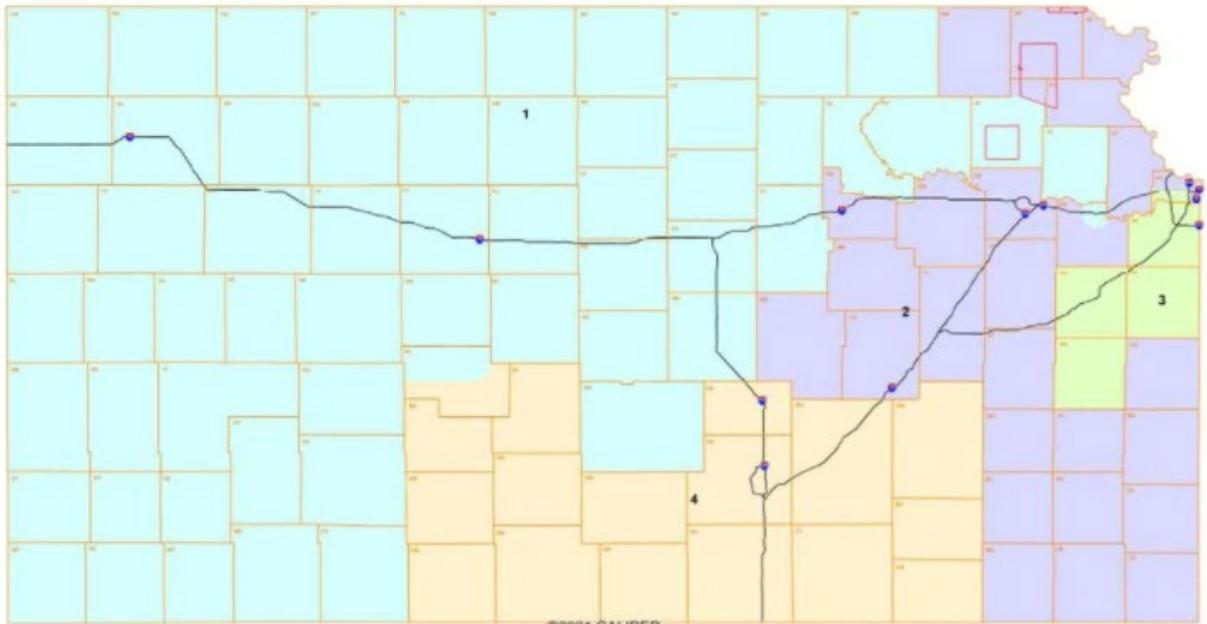
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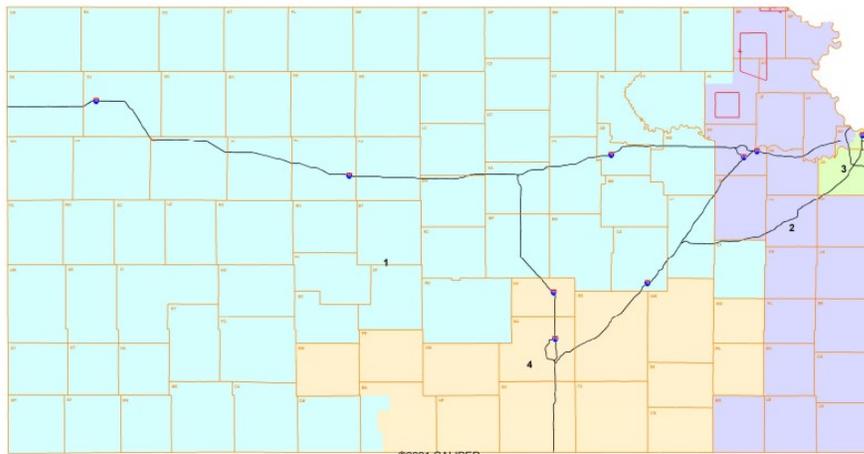
Congressional Maps

- [Ad Astra 1](#) (House/Senate Republicans)
- [Ad Astra 2](#) (Senate Republicans/passed by the Senate)
- [Bluestem Congress](#) (League of Women Voters)
- [Buffalo 2](#) (Introduced by state Democratic Rep. Tom Burroughs)
- [Meadowlark 5](#) (Introduced by Republican Sen. Dennis Pyle)
- [Meadowlark 6](#) (Introduced by Republican Sen. Dennis Pyle)
- [Mushroom Rock 2](#) (Introduced by Democratic Rep. Vic Miller)
- [Prairie Dog](#) (Introduced by Democratic Reps. Jason Probst/Barbara Ballard)
- [Sunflower](#) (Introduced by Republican Rep. Kyle Hoffman)
- [Sunflower 3](#) (Introduced by Republican Sen. Dennis Pyle)
- [United](#) (Introduced by Senate Minority Leader Dinah Sykes)

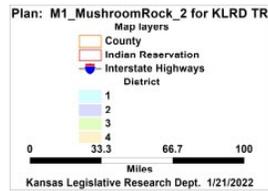
Ad Astra 2 as passed by the Kansas Senate



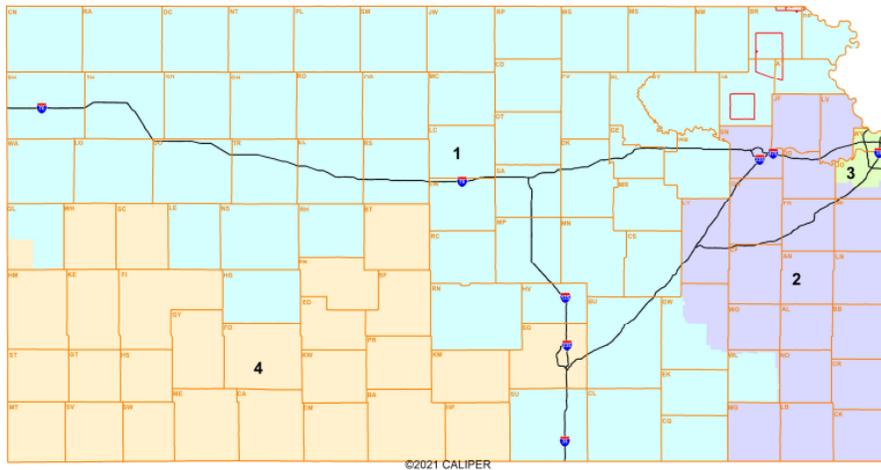
M1_MushroomRock_2 for KLRD TR



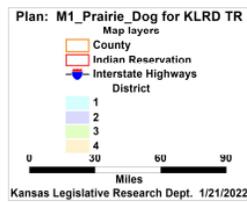
District	Population	Deviation	% Deviation
1	734,471	1	0%
2	734,469	-1	-0%
3	734,470	0	0%
4	734,470	0	0%



M1_Prairie_Dog for KLRD TR



District	Population	Deviation	% Deviation
1	734,470	0	0.0%
2	734,470	0	0.0%
3	734,469	-1	-0.0%
4	734,471	1	0.0%



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