



**2022 Kansas Legislative Session
Weekly Legislative & Regulatory Update
Week 10**

At a Glance

- Budget, Redistricting, Rural Housing, Partisan elections?
- SPARK & Base Grant Funding
- Water bill gutted, two new bills introduced & CCR hearing Thursday

Looking Ahead

- 7 March – SPARK Executive Committee meeting 4:00p
- 10 March – SB 417, Coal-Combustion Rule Hearing in House Energy
- 18 March – Final day for non-exempt committees to meet
- 1 April – Projected First Adjournment

Week 10

There are 29 legislative committees in the House with four committees exempt from legislative deadlines including: Appropriations, Federal & State Affairs, Judiciary, and Tax. There are 19 Senate committees with four exempt from legislative deadlines including: Assessment & Taxation, Federal & State Affairs, Judiciary and Ways & Means. There are 14 Joint Committees comprised of both House and Senate members which meet during the legislative session but are typically reviewing rules and regulations, policies of key topics such as child welfare and KanCare Oversight. Joint committees don't introduce legislation during the session. The work of those 14 joint committees when the Legislature is not in session oftentimes produces bills for consideration the following session.

Of the 48 Standing Committees, not including the 14 Joint Committees, 8 House and Senate committees are exempt from legislative deadlines. This is the time of year when the bill tracker gets fuzzy as bills are moved around or introduced in committees outside of the area of jurisdiction in order to keep them alive and able to move for the session.

For the remaining 40 committees that are not exempt committees, there are two weeks left of committee meetings. If an urgent issue arises, a special consideration can be made, but otherwise, March 18 is the last day for the bulk of most committees to meet.

Lawmakers will move to floor debate for days followed by conference committees as policy differences between House and Senate measures are worked out before returning to the floor again for debate on revised or newly agreed to bills.

There is still a tremendous amount of work yet to be accomplished. We were hearing rumors that legislative leadership wanted to conclude the full session by early April, but we are now hearing those major pieces of legislation such as the tax bill will be pushed off until the Wrap-Up session which starts in late April. At a minimum, new Congressional, House and Senate legislative districts must be passed as well as a new budget. A tax bill will be advanced however the size and scope of the bill is hotly debated. The desire to act on food sales tax still exists, but it is coupled with the desire to drive down the overall state sales tax rate while also providing property tax relief. However, with the war in Ukraine generating economic uncertainty coupled with inflation in the American economy, there is an increasing interest in not spending down the bulk of the State's federally-infused budget surplus, but rather saving the money for a "rainy day".

Both budget writing committees are moving aggressively to put together their budgets which are expected from their respective Chambers the last week in March. The budget and any subsequent tax bills are still contingent the possibility that APEX could come to Kansas.

Sneak-peaks of the new House and Senate legislative districts maps are being given to impacted legislators with both maps being rolled out in the coming days. Meanwhile, Ad Astra 2, the redesigned Congressional maps, are being challenged in Court. The Attorney General requested that Ad Astra 2 be taken up by the State Supreme Court bypassing local courts in the two counties where challenges were filed. The State Supreme Court on Friday declined to take up the Ad Astra 2 challenge until the pending legal challenges were heard and ruled upon. In its ruling Friday, the Kansas Supreme Court, encourage the district court and the interested parties to advance the cases swiftly. The candidate filing deadline is June 1st unless the legislative maps are not complete by May 10th. If that is the case, the filing deadline moves back to June 10th. The Kansas Primary Election Day does not change – it remains Tuesday, August 1st.

Regarding elections, the Senate Federal and State Affairs Committee is hearing SB 532 on Wednesday, March 9th. Under the bill, any candidate for a national, state, county or township office, the candidate's political party or political designation. Any ordinance, resolution or regulation adopted by any city, county, township, school district or other political subdivision of the state on or before July 1, 2022 that directly conflicts with party identification in elections will be considered null and void. Creating partisan elections for all offices has been an issue debated since the Legislature moved municipal elections to the fall.

A consortium of interests led by the Kansas Farm Bureau, the Kansas Corn Growers, Sunflower Electric Power Corporation and supported by many other groups including KMU, is seeking a one-time \$50 million appropriation from the State General Fund to support increased rural housing. The state funding would support advancement of new construction and weatherization and rebuilding existing structures for rural housing. Kansas is seeing new job growth, but the housing supply is exceptionally tight thus serving as a deterrent to further economic expansion. There is not a specific bill, but rather the funding will be sought as a line-item both the House and Senate prepared budgets that eventually will be merged into a singular budget presented to the Governor for consideration.

SPARK & Base Grant Funding

The American Rescue Plan Act allocated \$4.6 billion in funding to Kansas with \$1.6 billion of the monies unencumbered to be used at the State's discretion. The SPARK committee, initially created two years ago to handle the first phase of federal COVID funding allocation, was revamped during the 2021 legislative session to include more legislative direction in addition to executive branch guidance. At the end of February, there was about \$731 million in funding remaining available for SPARK distribution. All funds must be allocated by 2024 with all the funds spent by 2026.

There is an Executive Committee of SPARK chaired by the Lt. Governor David Toland. Also included in the Executive Committee membership is the Secretary of Administration, Senate President and his appointee, Speaker of the House and his appointee and a private sector appointee. In addition to the Executive Committee, the effort is managed by a Project Director and includes four Advisory Panels comprised of public and private sector appointees. The four panels are tasked with vetting proposals and submitting recommendations to the Executive Committee for final submission to the State Finance Council for a last review and approval. Thereafter, the awards will be distributed by the Office of Recovery with a full detailing of requirements to ensure the funding is spent on the approved project. *That said, due to the sheer volume of requests, it is likely that changes will be made to the outlined process.*

- Economic Revitalization
- Health and Education
- Connectivity
- Efficiency and Modernization

The portal for application closed on February 16th and 835 applications were made. The applications were directed to their respective area of relevance. Below is a breakdown of the requests made. It is likely that additional screening will be employed to pare down the recommendation listing over the next month.

Economic Revitalization – 408 Submissions

- Business- 38
- Workforce- 68
- Housing- 70
- Water & Sewer Infrastructure- 106
- Other Enablers- 126

Health and Education – 251 Submissions

- Baseline- Basic health needs, social determinants of health & community resources
 - Basic Needs- 48
 - Access & Awareness- 31
- Capacity- Provider Operations and Workforce Development
 - Workforce Development- 59

- Availability & Affordability- 92
- Enablers- Future Tech and modernization
 - Data & System Integration- 21

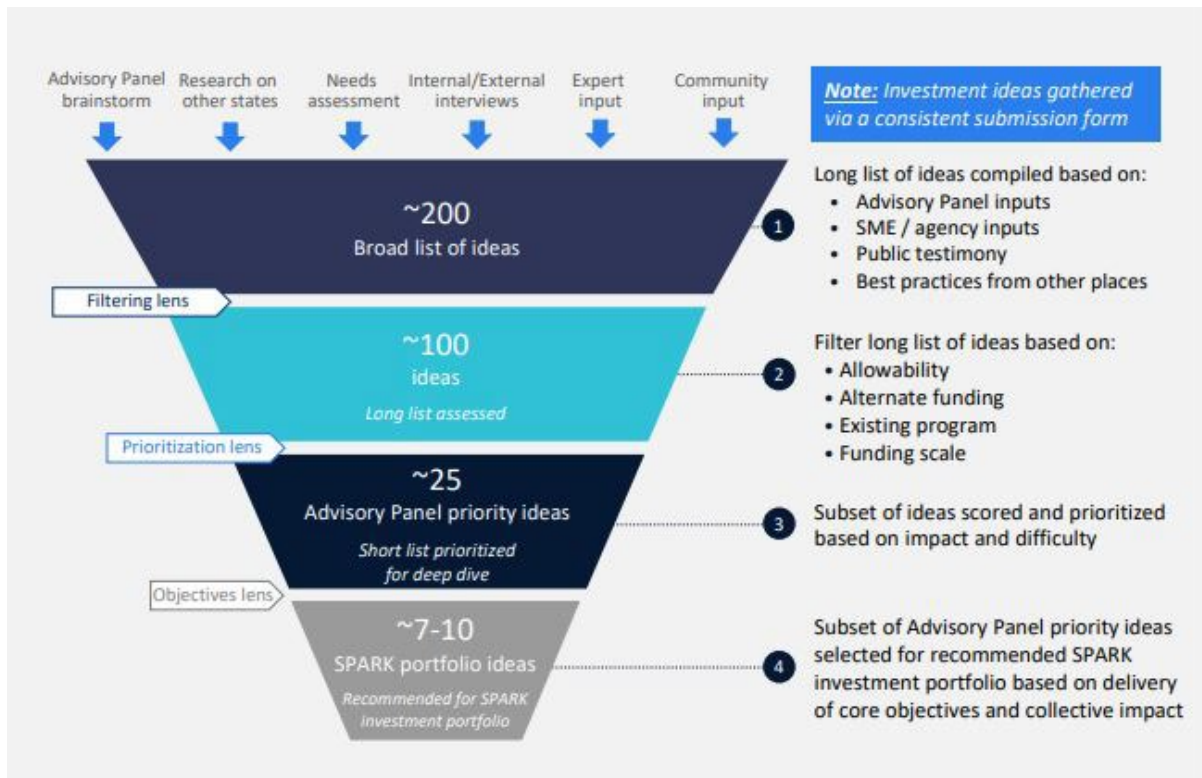
Connectivity – 36 Submissions

- Broadband Infrastructure- 27
- Adoption Enablement- 9

Efficiency and Modernization – 140 Submissions

- Facilities Modernization- 38
- IT Infrastructure - 51
- Safety & Security – 32
- Continuity of Operations – 19

The below graphic was provided by the Office of Recovery depicting the funneling of requests.



The SPARK Executive Committee set aside \$100 million during its December meeting to create the Building A Stronger Economy (BASE) Grant program to offer matching funds (minimum 20% local match required) to further economic development opportunities to grow the State’s economy following the impact of the COVID pandemic. BASE Grant applications were due February 28th and awards are expected to be offered by March 28th. There is a \$25 million cap on a single award.

Constitutional Amendments

There is no shortage of constitutional amendments being floated this legislative session. One amendment would allow the Legislature to override any rule or regulation issued by a state agency. Historically, there has been very little discussion about state agency rules or regulations – at times some grumbings over a particular policy, but overall most things are worked out. The COVID pandemic changed the long-standing belief as debated raged over the powers and authority of various branches of government and state agencies.

Two additional constitutional amendments were introduced in the Senate last week related to judicial selection for the Kansas Supreme Court. One amendment would codify a federal Supreme Court selection process – Gubernatorial selection with Senate review and approval. In the alternative, the Supreme Court positions could be elected. There are other constitutional amendments pending related to state spending or tax increases as well.

Tax Issues

Work continues on the food sales tax bills as well as legislation that buys down the food sales tax and the overall state sales tax rate.

The Senate Assessment and Taxation Committee is holding a bevy of hearings this week. The subject of one hearing is SCR 1619 which would recommend passage of the recent Interim Tax Committee's recommendations.

In addition, the Committee is holding a hearing on SB 542 which alters the Revenue Neutral Rate process passed last year imposed upon local government budgets. One of the key changes included in SB 542 would allow anyone to file a challenge of a city's budget to the Board of Tax Appeals.

Water

The House Water Committee last week largely gutted the mega water bill, HB 2686 and then passed the bill out of committee. One of the amendments added would allow for a portion of the state sales tax to fund the water plan. While the gesture to include a funding stream for the water plan is appreciated, the tactic just killed the bill as no legislation will be debated this session that would increase funding for anything when the state has a sizable budget surplus. There are critical components of the water bill, specifically related to GMD management that need continued legislative vetting. As such on behalf of REAP with support from KMU and others, two new water bills were introduced in Senate Federal & State Affairs.

Coal-Combustion Residual Rule & Uri Resolution, Energy Matters

Evergy, Kansas City Board of Public Utilities and Sunflower requested introduction of legislation of legislation that would allow the three generating utilities with operating coal units to modestly increase KDH&E imposed fees on themselves in order to maintain the CCR rule compliance program at the state level rather than with the federal government. SB 417 passed the Senate and is scheduled for hearing Thursday, March 10th in House Energy & Utilities.

The House Resolution related to Winter Storm Uri investigations will be heard on Tuesday in Senate Utilities. The resolution encourages state and federal investigations into Winter Storm Uri and any potential price gauging. The bill sailed through the House with little discussion and no trouble.

Senator Mike Thompson (R-Shawnee) introduced eight pieces of legislation to halt renewable energy development in Kansas and ratchet back the existing operating fleet. Six of his bills did not make the Turnaround deadline. One bill was introduced in an exempt committee. That bill would alter the property tax exemption for renewable energy generation thereby creating an asymmetric property tax exemption paradigm in Kansas for generation, transmission and pipelines. Currently, there is parity in the tax code. Hearing is likely next week on the measure. The second bill, SB 478, was blessed. The bill deals with the FAA required lighting on the top of wind turbines. SB 478 is scheduled for two days of hearing on Wednesday, March 9 (proponents) and Thursday, March 10th (opponents and neutrals) following Monday's informational briefing on light mitigation technologies.

Looking Ahead

Last week during a presentation in the House Energy & Utilities Committee, the Kansas Industrial Consumers Group called for the state's electric system to be deregulated and for the Kansas Corporation Commissioners to be elected. The havoc Winter Storm Uri wreaked in Texas certainly proved the negative economic impacts of electric utility deregulation not to mention the potential health and human safety peril. Surprises during the legislative session can come at any time and this is certainly the time of year. We will just plan for the unexpected.

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

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