



# HOUSING HIGHLIGHTS



2023 Legislature Week 9

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**Governor Kelly Asked Lawmakers To Expand Medicaid** for the 5th year in a row, this time citing the urgent need to enable more Kansans to afford essential mental health services. Her proposal directs the state to expand the insurance by January 2024, this time using available Federal matching funds from the American Rescue Plan Act specifically meant to incentivize the 10 states yet to adopt the nation's Affordable Care Act. The ACA, which became effective 9 years ago, has essentially been holding billions of dollars in escrow for Kansas; money earmarked solely to pay for 90% of the cost to provide Medicaid health care benefits for all adults with incomes up to 138% of the Federal Poverty Level. Recent polling indicated 70% of Kansans support Medicaid expansion.

**Governor Kelly Has Announced \$35K in Grants** for fifteen community-based mental health service providers so that they may better address the rising number of suicides, and attempted suicides, in Kansas. According to Federal data, the State's annual number of deaths by suicide has risen more than 60% since 2000, and the need for psychiatric beds has increased by more than 30% just in the past four years.

**The House Is Working On Tax Legislation** that would make all retirement benefits tax-free, eliminate the State's three-tiered income tax in lieu of a flat tax, and enact Governor Kelly's plan to remove state and local sales taxes from groceries by the first of next year. Combined, these bills would reduce annual state revenues by \$1 billion, but legislators believe the current budget surplus can sustain such a cost in order to make Kansas' tax system more competitive with other states. The Governor has already gone on record that she is looking for measures with smaller price tags.

**The House Committee On Taxation** responded promptly this week to public outcry over the recent increase in state property tax assessments ranging from 9% to 30% per county. Members have called for hearing on 3 proposals to ease the financial burden for homeowners:

- HB 2366 - a bill to replenish and enhance the Local Ad Valorem Tax Reduction Fund with the annual \$54 million required by law for the next four years, plus an additional, annual, \$54 million to be moved from the State's general fund to each county treasurer twice a year until 2027.
- HB 2364 - a bill that would amend state law to raise the residential property exemption from the statewide school mill levy from \$40,000 to \$65,000
- HCR 5009 - a constitutional amendment to reduce the assessment level of residential property from 11.5% to 9%. Even with this reduction, residential property will still contribute an estimated 48% of the total property taxes in the state.

**The House Welfare Reform Committee** heard testimony regarding legislation that would criminalize poverty-driven homelessness. One speaker was in support of the bill, over 50 were in opposition. If passed, the bill would make it an arrestable misdemeanor to sleep outdoors - with or without any form of shelter - on land controlled by state or local governments, and it would penalize communities that do not enforce that policy by denying them - at the discretion of the Kansas Attorney General - state and/or Federal funds specifically earmarked to combat homelessness.

**A New Ogallala Aquifer Survey** conducted by a K-State sociology research team revealed that, out of one thousand Western Kansas farmers, the majority view the water supply as vital to their future, but less than half of them believe they should personally use less water to irrigate their crops and/or maintain their farms. The researchers plan to quickly educate farmers further about conservation, as well as their need for water-saving technologies such as soil moisture sensors that indicate when crops are adequately hydrated, and self-regulating water pressure valves for irrigation systems.

**A Recent WalletHub.com Unemployment Report** ranked Kansas 9th lowest in numbers of claims nationwide based on changes in unemployment for several key weeks. For the first week of March the Sunflower State saw 18.32% fewer claims than the previous week, 52.53% fewer claims than the same week in 2019, and 45.79% fewer claims than the same week in 2022. There were about 64 claims per 100,000 Kansans in the workforce.

**Good News For Kansas Corn Growers** who supply the state's 12 ethanol plants that currently produce more than 600 million gallons of the fuel annually. The Environmental Protection Agency has finally agreed to permit the sale of gasoline enhanced with 15% ethanol year-round beginning January 1st, 2024.

**The Kansas Racing and Gaming Commission** has received an application from Boyd Gaming Corporation to develop and operate a new historical horse-racing gaming facility located along I-135 near the 77th Street exit in Sedgwick County. Built with 100% private financing, the \$160 million property would include a casino floor with up to 1,000 HHR electronic gaming machines, a steakhouse, a FanDuel-themed sports bar and grill, a contemporary bar and lounge, meeting and convention spaces, and the first Amazon Go store in Kansas. BGC expects to create 600 jobs generating \$30 million per year in wages, salaries, and benefits, and they estimate the property will generate \$90 million per year in economic activity throughout south-central Kansas. Additionally, they have partnered with United Way of the Plains to administer their non-profit annual contributions that will include \$1 million to local organizations that provide healthcare and educational services to local veterans, and \$250,000 to fund problem gambling treatment resources. If the proposal is approved, development and construction are expected to take about 18 months.

**Kansans Must Be 21 To Purchase & Use Tobacco** because the State was at risk of losing \$1.2 million in Federal funding if it did not comply with a Federal law passed in 2019 mandating the age restriction. The bill provides new guidelines for businesses that sell tobacco, and tobacco-related goods, but does not outline the penalties for non-compliance by purchasers and/or users of the products.

**The Senate Ways & Means Committee** voted this week to insert into a budget bill a provision that would bar all public universities that are currently receiving public tax dollars from asking employment, student, or contractor applicants about diversity, equity and inclusion issues. Senator Claeys, who proposed the mandate, claims such questions are meant solely to ascertain support for extremist, race-focused, ideologies as part of a radical "reverse discrimination" agenda. The legislation that contains this controversial amendment has yet to be passed through to the floor.

**Kansas Considers Bill To Limit Train Lengths** to 8,500 feet, or 1.6 miles, as they travel through the state. The bill would also require parked trains to be no less than 250 feet away from any crossing. Currently, these concerns are under the sole regulatory discretion of the Federal government, nevertheless, the Senate Committee on Transportation held a hearing to determine if the State may have, or might acquire, some authority to address these issues directly.

**The House Committee on Veterans and Military** has sent a bill to the floor that would change the existing law regarding free lifetime fishing and hunting licenses for disabled veterans. Currently, the threshold is a rating of at least 30% disabled, but this legislation would require a service-connected disability greater than 30% as certified by the Kansas commission on Veteran affairs. Veterans with

service-connected disabilities of 50% or greater would be exempt from needing either license at all.

**The Senate Federal and State Affairs Committee** heard testimony this week about environmental, social, and governance investment strategies used in Kansas. Those speaking against the state conforming to ESG investment principles claimed it should be illegal to force companies to reduce their carbon footprints, adopt racial and gender quotas or to capitulate to social justice trends. They argued that venture managers should be obligated to get the best returns possible irrespective of any 'woke agendas' and that any refusal to consider anti-ESG industries or companies as investments opportunities should not be allowed to prevent any detrimental influence on financial returns. However, the head of the state pension system for teachers and government workers adamantly disagreed, warning that such a policy might very well be considered anti-free market and noted it would force the pension system to fire all their current investment advisors and hire new ones willing to strictly comply with an anti-ESG strategy, which he estimated would result in a \$3.6 billion loss for KPERS over the next 10 years.

**The Kansas House Passed A Gun Education** bill that would mandate the NRA's Eddie Eagle program be taught in public school grades K-5. Middle and High school students would be taught the Hunter Education curriculum from the Kansas Department of Wildlife and Parks. The legislation now heads to the Senate.

**Housing Investor Tax Credit transferability and Rural Housing Incentive District expansion** bills are to be heard in the House Committee of Financial Institutions and Pensions on March 15th. Senate Bill No. 37 and Senate Bill No. 34 will be up for public hearing if you have an interest and would like to submit testimony let us know and we can facilitate the submission of any remarks. Both bills have passed in the Senate and must pass the House in order to become law. SB 37 expands the transferability of tax credits issued under the new Kansas Housing Investor Tax Credit Act and any portion of the tax credit that is carried forward can also be transferred to another taxpayer. The measure permits all or a portion of the tax credit to be transferred by a qualified investor or any subsequent transferee, and there would be no limit on the number of times a tax credit or any portion of a tax credit could be transferred. SB 34 allows any city or county that has established a rural housing incentive district to use the proceeds of special obligation bonds for renovation or construction of residential dwellings, multi-family units or buildings or other structures exclusively for residential use located on existing lots if the infrastructure, including streets, sewer, water and utilities, has been in existence for at least 10 years; Additionally, cities with a population of 60,000 or more can utilize the Kansas Rural Housing Incentive District Act for certain eligible housing projects.

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