



# HOUSING HIGHLIGHTS

2023 Legislature Weeks 1 & 2

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**Reelected Governor Kelly** and other elected state officials took their oaths of office on Monday, January 9th under banners proclaiming "Innovation," "Unity" and "Prosperity." The Governor was sworn in last, followed by her 14-minute inaugural address. She called for Kansas legislators to reject the hostility, anger, and divisiveness that has become the norm in national politics and embrace kindness, cooperation, and civility while representing their constituents in this session. She urged state lawmakers to embrace bipartisanship saying: "the middle of the road is where left and right come together, where well-intentioned people who hold different positions find common ground and make progress." Senate President Ty Masterson said the call for political civility and bringing down partisan temperatures in the Capitol was welcome and that he is truly optimistic it can be accomplished. He claimed Kansas GOP leaders would prefer all members to meet in the middle of the political spectrum rather than be bound to any kind of radical base. House Majority Leader Dan Hawkins, was less optimistic but did concede somewhat begrudgingly that he would encourage House members to at least try to work across the aisle whenever possible, adding "We will disagree strongly, but respectfully when we must." House Minority leader Vic Miller followed up by expressing a need to make sure passions are tempered by reason and a degree of calm, but if/when volatile emotions take over arguments, a quick sincere apology must be the new imperative to restore constructive collaboration. Both the House and the Senate sessions convened less than an hour after the ceremony mostly for introductions and the swearing-in of new members.

**Governor Kelly's Opening Act** of her second term was to sign Executive Order 23-01 establishing the Early Childhood Transition Task Force as a first step towards developing a new cabinet-level agency focused on the support and success of Kansas youth. Members from the state government, the private sector, philanthropic organizations, early childhood service providers, and advocacy organizations will come together to examine the financial status of the state's current early childhood system looking specifically for any inefficiencies and/or redundancies. It will also host a series of stakeholder engagement opportunities. The Governor stated that giving the children of Kansas the strongest start in life is the best possible investment the state can make. This task force will determine how to make that investment most effectively, starting with a more than \$270 million investment to support childcare providers and increase access to reliable, affordable childcare. KDHE Secretary Janet Stanek, Kansas Action for Children President John Wilson, and Kansas Children's Cabinet and Trust Executive Director Melissa Rooker were on hand to voice their approval and support for this new endeavor.

**Governor Kelly's Office Announced** her return to the Statehouse after learning a COVID-19 test gave her a false positive result that compelled a cautious postponement of the annual State of the State address which is now scheduled for January 24th. The Governor tested after experiencing cold-like symptoms and then continued testing daily while working in self-isolation at home. After several subsequent negative results, her doctor and state health department experts determined that the first test was a false positive.

**Kansas Housing Resources Corporation** Executive Director, Ryan Vincent introduced the Home Loan Guarantee for Rural Kansas which will help existing and prospective homeowners finance home loans for land, building purchases, renovations, or new construction costs in rural counties. Rural counties are defined as those with populations of 10,000 or fewer. The initiative aims to close the rural appraisal gap where the cost of purchasing, renovating, or constructing a home often exceeds the property's appraised value. The program has \$2 million available for non-recourse guarantees through the Kansas Rural Home Loan Guarantee Act. HLG funds will be used to guarantee the portion of a loan above 80% and up to 125% of the home's appraised value, not exceeding \$100K per home. Eligible financial institutions serving rural counties can submit requests to the HLG program for a guarantee. Lender requests will be processed on a first come, first-verified basis. KHRC is a self-supporting, nonprofit, public corporation that serves as the state's housing finance agency, administering essential housing and community programs with a commitment to helping Kansans access the safe, affordable housing they need and the dignity they deserve.

**Evergy Released a New Capital Plan** for investments in the grid and energy production that is more than \$1 billion higher than the one it filed in 2021, which was \$1 billion higher than its filing in 2020. It also estimates \$1.2 billion more in spending than what was proposed in their "sustainability transformation plan." Environmentalists claim the utility company could save its customers money if it prioritized transitioning to renewable energy sources but noted Evergy's decision to back away from plans to build 700 megawatts of solar power choosing instead to spend a huge chunk of their overall budget on existing coal plants. While Evergy is a regulated monopoly that cannot raise customers' bills to increase profits, if they forgo major spending on developing additional resources in favor of investing in existing infrastructure, then they are allowed a return on that investment which in turn benefits their shareholders.

**The GOP legislative Caucus** has announced its legislative agenda for 2023 that focuses on broadly defined issues important to the GOP caucus that are purportedly based on actual concerns and opinions of surveyed constituents. House Speaker Dan Hawkins said Republican lawmakers are committed to addressing the following 8 key issues but did not speak to how they might actually be implemented on a legislative level.

For Taxpayers: Pass a balanced budget that cuts wasteful spending, pays down debt and increases the state's rainy-day fund; make the state tax code flatter and simpler to help families and businesses; reduce the tax burden on both retirees and families.

For Health Care: End costly mandates that drive up costs; develop free-market solutions to inflated costs by promoting health savings accounts.

For Students: Expand educational opportunities beyond economic status or zip code; pass Fairness in Women's Sports, and Parents' Bill of Rights; focus on academic achievement.

For The Economy: Support and protect the fossil fuel industry; enact reforms to lower energy rates; prohibit state investment in entities owned or operated by hostile foreign governments.

For Jobseekers: Make college more affordable; promote technical education; support apprenticeship-to-licensure training and lower the cost of licensing fees; tighten eligibility for unemployment benefits.

For A Financial Safety Net: Enforce eligibility requirements for government assistance; reject the expansion of welfare to able-bodied adults until waiver waiting lists are eliminated; protect children in the foster care system and invest in alternatives.

For Law-And-Order: Protect Kansas families and businesses from cyber-attacks and intellectual property theft; strengthen Kansas laws that protect Kansans from violent and repeat offenders; support Kansas Highway Patrol troopers and ensure the KHP is fully staffed and competently managed.

For Constitutional Rights: Respect and promote the constitutional rights of all Kansans; reduce abortions through support for crisis pregnancy centers; safeguard elections.

**The Executive Branch Budget** Director Adam Proffitt presented to the House and Senate budget committees the Governor's proposed \$24.1 billion plan for the 2024 budget year which begins July 1st. The six major aspects of the budget are:

- Accept between \$370 and \$450 million in federal funding for Medicaid that would cover the state's share of the costs to expand it for about eight years.
- Increase special education funding by \$72.4 million each year for the next five years. The phase-in would bring the state's contribution to the fully funded level required by law. Currently, the legislature is ignoring that requirement.
- Increase reimbursements to the state's foster parents by more than \$5 million.
- Increase funding to the state's public universities by \$107.9 million, including \$20 million for financial aid.
- Add \$500 million to the state's rainy fund to bring the account to \$1.5 billion.
- Provide \$220 million for cities and counties to cover matching-fund requirements to receive federal funding for infrastructure projects.

**In a Legislative Budget Committee** meeting, State Representative Troy Waymaster suggested that with more jobs coming into the state, new forms of mass transit might be a significant draw for young professionals to relocate here. In light of that, he proposed that the Kansas Department of Transportation should research potential federal funding for mass transit systems in Johnson and Sedgwick Counties. State Representative Kathy Wolfe Moore supported the idea and suggested Wyandotte County be included in the study as well, due to the county's large medical center and proximity to highly populated areas.

**Kansas Supreme Court Chief Justice** Marla Luckert in her State of the Judiciary speech went on the record saying the state needs to radically improve the strategy for hiring and retaining the best candidates for sitting on the bench. This comes after deadlines for 23 new judicial positions in Kansas came and went without any applicants, while many other openings received as few as three applicants. Justice Luckert cited salaries as a probable issue with district court judges earning \$135,000 and district magistrate judges earning as low as \$69,000 annually, both well below the national average. Her 30-minute speech on the House floor to a joint session was interrupted by a standing ovation after her comments on behavioral and mental health issues that underlie too many court cases. She said significantly improved responses to justice-involved individuals with such health issues is the most urgent need that must be addressed by courts this session.

**KU's Institute for Policy & Social Research** expressed concern to lawmakers about significant inaccuracies in the Federal Communications Commission's recently published broadband maps that will be integral to determining the amount of grant money each state will receive from a \$42.5 billion federal broadband investment that is part of a national infrastructure package passed in 2022. Currently, the FCC shows that Kansas is 5% underserved, when, in reality, that number is closer to 15%. The research team explained that the discrepancies stem principally from the FCC maps being based on a provider's advertised maximum speed instead of the actual level of service customers are receiving in their location. Failure to challenge and correct this data would cost Kansas millions. Governor Kelly signed a letter with 14 other governors to ask for a 60-day extension to time to respond to the maps, and in a rare bipartisan moment in the nation's capital Representative Sharice Davis and Senator Roger Marshall agreed to request a 90-day extension to provide comments and evidence to the FCC on this issue. There has been no word on whether those actions have prevented the original deadline of Friday, January 20<sup>th</sup> to stand.

**The Kansas Department of Commerce** plans to ask lawmakers to extend for at least another year the fiscal incentive framework used to win the Panasonic electric vehicle plant for the city of DeSoto last year. The goal is to persuade two or more firms in the microchip/semiconductor sector to make their home in Kansas and bring qualifying available federal funds here to bolster our already growing economy. Coffey County reports that they are already working on a plan to bring a string of such businesses to the region in a potential \$2.5 billion deal.

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