

THE ADVOCATE

A WEEKLY UPDATE FROM THE KANSAS LEGISLATURE

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Intro

We've reached another key point in the 2025 legislative session: Monday is the final opportunity for nonexempt committees to meet before Turn Around. Many bills remain in committee purgatory and will have to wait until next year for further consideration, as the trend of limited bill passage continued last week. A midweek snow day disrupted proceedings on Wednesday, but to regain momentum, some Senate committees convened virtually, while others, including the House, chose to work on Friday.

The most significant development of the week was the House Appropriations Committee advancing the budget in [HB2007](#), which is set to be debated on the House floor later this week. After Thursday's Turn Around deadline, only bills that have cleared their chamber of origin will remain viable unless they have been "blessed" by referral to an exempt committee. Exempt committees include House and Senate Federal and State Affairs, Senate Ways and Means, Senate and House Tax, and House Appropriations. All-day chamber floor work is scheduled for Tuesday through Thursday. There is no session next Monday, March 24 to let revisors catch up after the flurry of Turn Around bills.



House Appropriations Cuts & Passes Budget

The House Appropriations Committee approved the budget on Thursday, moving it forward for consideration on the House floor this week. The new budget process, intended to give lawmakers more time to review and analyze budget items, has instead led to anxiety from committee members and budget sub-committee chairs about insufficient time for thorough consideration of items when combined with the shortened session. Many appropriations committee members are also chairs of other important committees, limiting their ability to fully engage in their primary work while focusing on the budget.

The budget includes significant funding cuts, notably imposing a 1.5% reduction across all agency operations budgets. Summer EBT funding remains but is now contingent on the state requesting a federal waiver prohibiting SNAP and EBT recipients from purchasing candy and soda, a measure aimed at promoting healthier choices. Special education funding was reduced from an additional \$30 million to \$10 million, delaying efforts to meet the state's statutory funding obligation of 92%. Medicaid reimbursement rates for dental services were lowered from \$16.9 million to \$4 million, while increases for pediatric sick visits remained.

Additionally, the budget lapses funding for vacant state positions as of July 1, except for state hospitals and corrections facilities, which some are concerned may impact the state's ability to fill open roles. This would eliminate funds for 1,000 full-time equivalent (FTE) positions that have remained vacant. An AI-driven efficiency analysis of state finances was funded at \$1 million, while \$5 million for the Safe and Secure Schools grant program was replaced with \$7 million for AI-based firearm detection software in schools and public spaces.

Chair Troy Waymaster (R-Bunker Hill) noted that the House budget costs less from the state general fund than Governor Laura Kelly's proposal, with the Governor's budget set at \$10.9 billion for fiscal year 2025 and \$10.65 billion for fiscal year 2026, while HB 2007 allocates \$10.8 billion for 2025 and \$10.5 billion for 2026. Meanwhile, the Senate is expected to propose even deeper budget cuts. Some cuts have appeared arbitrary, with lawmakers seemingly picking programs at random to shave off a couple of million dollars with no real explanation. Any hopes for increased spending on the floor are limited by the "pay go" provision, which requires new spending to be offset by cuts elsewhere through an amendment.

A December revenue forecast showed Kansas' ending balance dropping from \$3.2 billion in fiscal year 2024 to \$1.5 billion in 2026, with a projected decline to \$152 million by 2029.

Despite this, the state has \$1.8 billion in a rainy-day fund to address future needs. However, the state is spending more than it collects in revenue, with projected deficits of \$1.3 billion in 2025 and \$416 million in 2026, followed by annual shortfalls ranging from \$423 million to \$464 million through 2029. The House Appropriations Committee's 2026 budget is about \$183 million (1.7%) less than the 2025 budget, but the state is still expected to face a \$203 million deficit by 2028. While many lawmakers have sounded the alarm that the state will be in a budget crisis, others have pointed out that the claim is hard to take seriously, with nearly \$2 billion in the bank.

Some historical perspective is beneficial. First, ending balances have been so large the last number of years that you seldom hear mention of the state law that requires a minimum 7.5% ending balance. For an FY 2026 budget that is projected to be \$10.5B that equals \$787.5M, an actual ending balance of \$1.5B is healthy. Keep in mind, the rainy-day fund of \$1.8B is separate from, and in addition to, the ending balance. Finally, out-year ending balance projections are notoriously unreliable, so they need to be viewed with a degree of skepticism.

Occupational Licensing Sunset Bill

SB299, a bill that would eliminate many state and local occupational licenses within five years unless renewed by the Legislature, faced concerns about its broad scope and practicality in Senate Commerce. Supported by Americans for Prosperity, the bill would require legislative approval for existing licenses by 2030 and for new licenses five years after implementation. While healthcare-related licenses are exempt, questions remain about its application to professions like teachers and the other 2,700 references to licenses in state law.

The Secretary of State's office, which would oversee the process, raised concerns about defining occupational licenses and managing the large number of licenses in state law. Some senators and stakeholders expressed uncertainty about the bill's impact and suggested further revisions. Industry groups, including state agribusiness organizations, opposed the bill, citing conflicts with federal requirements and potential market disruptions. Likely due to these concerns, the bill was blessed, allowing it to be considered beyond the Turn Around deadline.

Regulatory Sandboxes Advance

The House Commerce Committee approved HB2291 to establish regulatory "sandboxes," allowing entrepreneurs to test new business ideas with temporarily waived or adjusted rules and regulations. The goal is to foster innovation and expedite the market entry of new products and services while maintaining consumer protections. Businesses can participate in the sandbox for up to two years under the proposal.

The regulatory sandbox program would be housed in the attorney general's office, with a regulatory relief division overseeing the process. Applicants would receive approval from the division, which could deny applications if they pose significant risks to consumers. The division would also review state laws and recommend changes to encourage business innovation. A nine-member advisory committee, mostly appointed by the division director, could overturn application denials with a two-thirds vote.

Supporters include the Kansas Chamber of Commerce, Americans for Prosperity, and the Libertas Institute. Some lawmakers, however, raised concerns about the constitutionality of granting the executive branch, which the AG is under, authority to waive laws. The state may join a growing number of others, including Utah, Kentucky, West Virginia, and Vermont, that have implemented similar sandbox programs to promote innovation across industries.

Foreign Money to be Banned in Ballot Initiatives

On Friday, the House passed [HB2106](#), a bill banning foreign nationals from making political donations to influence state ballot-initiated constitutional amendment questions. Approved [94- 25](#), the bill now moves to the Senate. Supporters, including Rep. Pat Proctor (R-Leavenworth), emphasized the need to reserve political influence for U.S. citizens, citing \$1.6 million in foreign contributions to the 2022 abortion referendum as a concern.

The bill requires groups involved in ballot initiatives to certify that contributions are not from foreign nationals, with donors not having accepted more than \$100,000 from foreign sources over four years. Critics, including Rep. Alexis Simmons (D-Topeka), ostensibly opposed the bill on the pretext of not fully banning foreign contributions, while Rep. Kirk Haskins (D-Topeka) raised concerns about vague definitions and enforcement.

Electric Rate Incentives Under Consideration

The Legislature is grappling with how to handle data centers, considering two competing bills. One bill, [SB51](#), offers sales tax exemptions to data centers investing at least \$250 million and employing 20 people, while another would prohibit discounted electric rates for data centers that have high energy demands but employ fewer than 200 people. Data centers, though energy-intensive, are viewed as valuable for generating tax revenue and attracting tech companies, despite typically creating only 30 to 50 permanent jobs.

Supporters of [SB81](#), which prohibits large facilities from receiving certain tariffs or failing to meet workforce and electric demand requirements from qualifying for economic development electric rates, argue that incentives should be reserved for businesses with larger workforces, like manufacturers. Kansans for Lower Electric Rates also expressed concern about offering discounts while facing power supply challenges and cited the building of new natural gas plants by Evergy. Evergy, meanwhile, is developing new pricing structures for large energy consumers and urged lawmakers to let the Kansas Corporation Commission handle the issue to avoid deterring data center investments.

The Commerce Department opposes limiting electric rate discounts, citing 14 potential data center projects with over \$15 billion in investment and 500 jobs. The debate highlights the challenge of balancing economic incentives, energy demands, and job creation in the state's economic development strategy. The Senate Tax Committee did pass SB51 out on Thursday, so incentives may be the way the Legislature leans this session.

Affordable Housing Tax Credits in Limbo

[HB2119](#) proposes eliminating the Kansas Affordable Housing Tax Credit Act effective July 1, 2025. Committee Chairman Sean Tarwater (R-Stilwell) has consistently raised concerns about the program's efficiency and its estimated \$250 million annual cost to the state in the future.

House leadership is reportedly pushing for the program to be eliminated entirely. However, many stakeholders are working to negotiate a compromise, aiming to cut the program's funding in half to \$12 million annually instead of entirely dismantling it. Should the Legislature pass the bill without a compromise, opponents, including developers and municipalities, are actively recruiting members to vote against the measure after an expected veto by Governor Laura Kelly. To sustain the governor's veto, opponents of the bill would need five Republican votes in either the House or the Senate if all Democrat members vote in opposition.

Health Freedom Scaled Back

SB197 is set to receive a hearing today in Senate Commerce. The bill would extend the sunset date of the STAR Bonds Financing Act to July 1, 2030. There is to be a healthy amount of support for the bill, as many communities have used the tool to develop key areas into attractions that bring in money from across the state and outside its borders. Reviews of the efficiency of STAR bonds have put some legislators off of the idea, but the Department of Commerce has largely corrected early misapplications of the bonds, and many cities and counties with plans for the bonds are wishing to see the sunset extended.

Important Dates

February 17th – Last day for committees to meet before Turnaround Day

February 20th – (Turnaround) Last day for non-exempt bills to pass original chamber

March 18th – Last day for non-exempt committees to meet and consider bills

March 21st – Last day for non-exempt bills in either House

March 24th – Conference Committees begin to meet

The Week Ahead

Monday, February 17

9:00 AM House Local Government

Hearing on HB2264: Restoring local government control over wages, compensation, and benefits for construction projects.

10:30 AM Senate Judiciary

Hearing on SB204: Requiring the case and warrant information be sealed in criminal and juvenile offender cases.

1:30 PM House Child Welfare and Foster Care

Hearing on HB2311: Prohibiting the secretary from adopting and enforcing policies for placement, custody, and appointment of a custodian that may conflict with sincerely held religious or moral beliefs regarding sexual orientation or gender identity and creating a right of action for violations.

1:30 PM House Health and Human Services

Hearing on HB2365: Establishing the south central regional mental health hospital.

1:30 PM House Health and Human Services

Hearing on HB2368: Providing for the licensure of anesthesiologist assistants.

Tuesday, February 18

Chamber floor work all day

Wednesday, February 19

Chamber floor work all day

Thursday, February 20

(Turn Around) Chamber floor work all day

Helpful Links to Monitor the Action

[Listen](#) live to committee hearings or playback past hearings.

[Watch](#) the House and Senate floor debates via YouTube.

[Find](#) the daily calendars.

[Search](#) for a bill.

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