The tax cut debate in Kansas has stalled for now. The Kansas Senate came up two votes short (25) to override the Governor’s veto of the tax bill - that established one flat income tax rate while speeding up the elimination of the 4% state sales tax on groceries and easing Kansas income taxes on social security benefits. The Governor favored the elimination of the state sales tax on groceries and the social security change but worried that the flat Kansas income tax in the future would threaten the stability of State revenues to fund essential state services. The flat Kansas income tax favors the wealthiest Kansans, as did the Brownback income tax cuts in 2013 & 2015. Legislative leaders have stated there will be no new tax cut package for this 2023 session.

**Kansas Senate falls short in attempt to override governor’s veto of flat tax proposal**

For another session, Kansas legislative leaders blocked any discussion of Medicaid (KanCare) expansion and had to spend $71 million in state revenues to block the expansion. The federal government offered Kansas a higher federal match for all Medicaid services if expansion was allowed. This extra funding would have covered the Kansas share of expansion for several years. This all comes at the time when the COVID-19 emergency order has ended. Since 2020, 135,000 Kansans qualified for KanCare without an annual reassessment of their eligibility (which may have changed). That process started on April 1 and will take 12-14 months to complete. Medicaid expansion would have kept a sizeable percentage of these new enrollees on the program.

David Norlin - from Salina - wrote a terrific opinion piece for the Kansas Reflector tying together the health of the climate and the health & need for Medicaid expansion. Medicaid expansion in Kansas started in 2014, 2015, 2016, 2017, and every year since. The Kansas Legislature passed Medicaid expansion in 2017 but that bill was vetoed by Governor Brownback. Well over 70% of Kansans have expressed support for expansion. This has cost Kansans some 6 billion dollars that have gone to expansion in 40 other states. Kansas is among the southern slave states restricting life-saving health care
to thousands of lower-income working Kansans. There are now some 55 hospitals in Kansas that are financially at immediate or high risk – more than half of all rural hospitals. (There are links in this opinion piece to the threatened hospitals across Kansas). David goes on to comment on legislation (ESG) that mandates the highest rate of return on the State’s investment, disregarding any future destruction and recovery costs from human-induced climate change. Corporations are free from any ethical standards, so the highest rate of return forgives any child slave labor and any racial or social inequities in employment practices or corporate governance.

In their paroxysms against ‘woke’ culture, Kansas legislators wound our health and environment

KANSAS HOUSING LAW

Senate Bill 17 was signed by the Governor on April 25. This law changes the designation of the Kansas Rural Housing Incentive District to the Kansas Reinvestment Housing Incentive District. It creates certain housing projects in designated cities with a population of 60,000 or more. It expands the list of costs that could be paid for by proceeds of special obligation bonds. It amends the Kansas Housing Tax Credit Act to expand transferability of tax credits that would be issued under this act.

The Kansas Rural Housing Incentive District Act was passed in 1998 to encourage the development and renovation of housing in rural cities and counties by authorizing these entities to assist directly in financing public improvements that support housing in rural areas of Kansas that experience a shortage of housing. Under this new law, a district could not designate more than 100 units for sale in one year or designate more than 100 units for-rent in one year. This law requires that the average size of each residence constructed per project be no larger than 1,650 square feet (excluding any garage or other exterior area). This new law removes the references to ‘rural’ and encourages the development and renovation of housing in cities and counties across the state. This law expands the list of costs that may be paid for by proceeds of special obligation bonds for renovation or construction of residential and multi-family units if the infrastructure (streets, sewer, water, and utilities) has existed for at least ten years.

Under the Kansas Housing Incentive Tax Credit Act – tax years 2022 and thereafter – a tax credit could be claimed against Kansas income tax liability, the privilege tax liability (imposed upon certain financial institutions), and the premium tax liability (imposed upon insurance companies). The tax credit could be claimed by qualified investors and project builders or developers of a qualified housing project. Any portion of the tax credit that is carried forward could be transferred to another taxpayer, and no limit on the number of times a credit or any portion of a credit can be transferred. The total amount (of these tax credits annually) is capped at $13 million - in
ENVIRONMENTAL, SOCIAL, OR GOVERNANCE INVESTMENTS STATUTE

House Bill 2100 amends existing law governing the Kansas Public Employees Retirement Fund (KPERS) investment standards to prohibit state agencies and other political subdivisions from giving preferential treatment to or discriminating against companies based on environmental, social, or governance (ESG) criteria in procuring or letting contracts. This law requires KPERS to act solely in the interest of participants and beneficiaries of the system and restricts state agencies from adopting ESG criteria. The enforcement of this law is by the Attorney General. ESG is defined by several criteria listed in the law, from fossil fuels to nuclear energy to production agriculture to emitting greenhouse gases to firearms to corporate board equity standards to doing business with any company described in the criteria list. The Governor allowed this bill to become law without her signature.

This law requires KPERS’ Board of Trustees (and any investment manager, proxy advisor, or contractor for KPERS) - when making and supervising KPERS investments - to discharge its duties solely in the financial interest of the participants and beneficiaries for the exclusive purpose of providing financial benefits. Concerning the voting of shares (proxy voting), all shares held directly or indirectly by KPERS must be voted solely in the financial interest of the system participants. All proxy votes must be tabulated and reported annually to the KPERS Board of Trustees and the Joint Committee on Pensions, Investments, and Benefits plus posted on KPERS’s website for review by the public. In terms of cost, KPERS would need to hire an additional investment officer (at a cost of $165,000 annually) from the KPERS Trust Fund. KPERS has more than 99,000 proxy votes a year. To manage these votes, KPERS would need to utilize a ‘proxy voting vendor’ at an estimated cost of $750,000 annually.

FARM BILL WATCH

While discussions are ongoing around the Farm Bill in D.C., things are still at the stage where so-called "marker bills" are being introduced. These are smaller pieces of targeted legislation that will be discussed with the hopes that the ideas and language get incorporated into the full Farm Bill. The National Sustainable Agriculture Coalition (NSAC) has recently announced the introduction of one marker bill, the Local Farms and Food Act. The Local Farms and Food Act will improve equitable access to and funding for the suite of Local Agriculture Market Programs (LAMP) and expand the reach of impactful nutrition incentives through GusNIP (which funds Double Up Food Bucks) and Senior Farmers Market Nutrition Program. Specifically, this bill will:

- Create a simplified grant application for Farmers Market and Local Food Promotion Program projects of $100,000.
- Expand the impact of LAMP programs by funding food system infrastructure, business technical assistance, and value chain coordination.
- Increase mandatory and discretionary funding for LAMP.
- Reduce match requirements for smaller farming operations for Value-Added Producer Grants and organizations applying for Gus Schumacher Nutrition Incentive grants.
- Establish a review panel for GusNIP produce prescription grants that include healthcare provider perspectives.
- And reauthorize and grow funding for the Senior Farmers Market Nutrition Program.

The programs that are affected by this bill greatly benefit Kansas. Here are a few examples, the Local Food Promotion Program is supporting KRC's work to build food connections in Central Kansas, the Double Up Food Bucks program (funded by GUSNIP) and the Senior Farmers Market Nutrition program help SNAP recipients and seniors access fresh, local foods at farmers markets. The Local Farms and Food Act will help strengthen and improve these programs and help Kansas build a more robust food system.

For more details, you can see NSAC's press release here and a bill outline here. Bill numbers are S.1205 and H.R. 2723.

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**LEAGUE OF WOMEN VOTERS OBSERVER CALLS**

During the legislative session, the League of Women Voters of Kansas (LWVK) hold weekly Friday (4 pm) zoom calls with their policy observers. The League has offered to open up these calls for interested Policy Watch readers. Cille King is the policy coordinator for the League. You will need to email Cille @ cilleking@gmail.com to be added to the notice list. Agendas come out a day or so before the call.

Here is the link to the LWVK 2023 Legislative Priorities

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**KRC IS HIRING**

Contributors to KRC are automatically on the Policy Watch e-list, if they provide an e-mail address. KRC provides Updates to the sponsoring organizations including League of Women Voters of Kansas, Kansas Natural Resource Council, Kansas Farmers Union, Climate and Energy Project, Audubon of Kansas, and Friends of the Kaw, Jayhawk Audubon Society, who make the Updates available to their memberships.

If you are receiving KRC Policy Watch through one of these organizations and have questions, contact the organization directly.

If you wish to be removed from the KRC list, contact info@kansasruralcenter.org

For questions about Policy Watch content, contact Paul Johnson at pdjohnson@centurylink.net