

2024 Kansas Legislature summary

Tax cuts were the overriding theme of the 2024 Kansas legislative session as the Republican majority battled Democrat Governor Laura Kelly over the size and sources of such cuts. The governor again vetoed tax cut legislation that was passed with a large majority of bipartisan support during the April 29-30 veto session, and she eventually called for a special session to convene on June 18 to address the issue. In the end, the Senate voted 34-4 and the House voted 121-2 to pass a bill that the governor said she would sign, and which will cost the state (and return to taxpayers) an estimated \$2 billion over the next five fiscal years. It is estimated to “cost” the state about \$343 million less than the \$2.34 billion price tag on the bill that was approved during the veto session and that was vetoed by the governor soon after. Even with the cuts, the state should still run sizable surpluses going forward. At any rate, the focus on broad based tax cuts prior to the upcoming elections and their projected cost left little or no room for consideration of other tax cuts or new sales tax exemptions as shown below.

The following are brief summaries of bills of interest to the commercial and industrial building construction industry from the 2024 session for your review. As you read through remember that bills which are not acted upon in odd-numbered years (like last year), and which are not adversely reported, automatically carry over to the following even-numbered year session in Kansas. All bills signed into law become effective on July 1 unless otherwise indicated.

Star bonds approved for Chiefs and/or Royals stadiums during special session | **PASSED**

While so-called “scoop and score” legislation designed to lure the Kansas City Chiefs and Royals to Kansas collapsed during the April 29-30 veto session when the Senate did not debate the bill prior to adjournment, the special session provided legislators a second chance. The Kansas Legislature seized the opportunity of possibility luring one or both teams to Kansas after Jackson County, Missouri voters had earlier “fumbled the ball” by rejecting a ballot initiative that would have funded stadium renovations through a 3/8th cent sales tax extension. Passed by the House (84-38) and Senate (27-8) on June 18, [House Bill 2001](#) is aimed at persuading the Chiefs and/or Royals to relocate to Kansas with the promise of a new covered stadium bankrolled by more than a billion dollars in Sales Tax and Revenue (STAR) bonds. The debt would be repaid over 30 years by a combination of tax revenue from the stadiums and surrounding development, sports gambling revenue and Kansas Lottery revenue. The legislation calls for any stadium project to have a combined capital investment of at least \$1 billion and would allow for STAR bonds to cover 70% of the project’s cost. The bill authorizes the Kansas secretary of commerce to negotiate a STAR bond agreement and any deal would have to be approved by the Legislative Coordinating Council, which includes top House and Senate leaders from both parties. STAR bonds are

generally used for the development of large-scale commercial, entertainment and tourism projects in the state. Governor Kelly signed the bill into law on June 20. Clark Hunt, CEO of the Chiefs, has said that both teams are looking at options beyond the current complex they share in Missouri and many legislators noted their strong desire to keep both teams in the Kansas City metro area. Whether Missouri Governor Mike Parson will call a special session of the Missouri General Assembly and how Missouri legislators respond may not be determined until after the upcoming primary elections.

No repeal of sales tax on labor services in commercial remodeling construction | **DID NOT PASS**

A bill of primary interest to the building construction industry this session was [House Bill 2585](#). While the bill received a Feb. 7 hearing in the House Taxation Committee, it ultimately died in that committee along with several other sales tax exemption proposals. HB 2585 would have exempted the “labor services” (i.e., labor, profit and overhead) involved in commercial remodeling construction from sales tax. Association member Gus Meyer, president of Kansas City based Rau Construction Company, provided testimony regarding the chilling effect that the labor services tax has on commercial remodeling construction in Kansas as well the issues involved in distinguishing remodel construction from “original” construction and accurately collecting and remitting the tax on such projects. Our association staff further advised the committee that elimination of this tax on commercial remodeling construction is long overdue, that none of Kansas’ neighboring states impose such a tax and that only a handful of states in the entire nation do so, one being Hawaii. The competitive disadvantage caused by the tax and its chilling effect on commercial remodeling construction in the Kansas City area was emphasized, as well as the positive effects that elimination of the tax would have in helping to preserve and improve older commercial structures throughout the state.

While the committee appeared to be supportive of the bill, the prospects for eliminating the tax were significantly dampened by the daunting [fiscal note](#) that the department of revenue put on the bill (\$70,700,000 for FY 2025, \$79,200,000 for 2026, \$81,300,000 for FY 2027, \$83,400,000 for FY 2028 and \$85,600,000 in FY 2029). At the current 6.5% state sales tax rate, that is a lot of commercial building construction labor services allegedly being taxed within the state with steady increases apparently guaranteed over the next several years. The accuracy of the fiscal note aside, the increased economic development activity that elimination of this tax would bring and the significant new tax revenues that would result were not reflected in the department’s fiscal note at all.

Proposed sales tax exemptions for mega data center gain little traction | **DID NOT PASS**

[Substitute for House Bill 2450](#), a “carryover bill” from the 2023 legislative session which was heard by the House Committee on Commerce, Labor and Economic Development on April 14 last year and which was approved by that committee this year on February 14 would have provided exemptions to qualified firms that make a minimum investment of at least \$600,000,000 in the state and meet new Kansas jobs and other requirements. The exemption would have applied to all sales of property or services purchased for the purpose of constructing, reconstructing, enlarging, or remodeling a qualified data center, including the use of project exemption certificates; sales and installation of data center machinery and equipment; sales of eligible data center costs, which would include costs of land, buildings, site improvements, modular data centers, computer data center equipment acquisition and permitting, lease payments, site characterization and assessment, and engineering and design used directly and exclusively for a qualified data center; sales of electricity used by the qualified data center; and sales of labor services to install and maintain data center equipment. Sub for HB 2450 was passed out of committee but died on the House Calendar.

Other tax exemption bills also fail | **DID NOT PASS**

House Bill 2585 and HB 2450 above were not the only sales tax exemption bills presented to the 2024 legislature. [House Bill 2662](#) which would have provided for a sales tax exemption for purchases of construction materials by a contractor for the Kansas Fairgrounds foundation was heard in the House Taxation Committee on Feb. 12, was passed out on March 12, but died on the House Calendar. [House Bill 2773](#) which would have provided a sales tax exemption for all sales of tangible personal property or services purchased by the Boys' and Girls' Club of Topeka for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a workforce readiness and career development center for middle school and high school students, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling such facility for the Boys' and Girls' Club of Topeka was heard in the House Taxation Committee on March 18, but died in committee. [House Bill 2688](#), which would have exempted all sales of tangible personal property or services purchased by Exploration Place, Inc. for the purpose of constructing, remodeling, furnishing, or equipping a riverfront amphitheater, a destination playscape, an education center and indoor renovations at Exploration Place in Wichita, Kansas was heard on Feb. 12 and was passed out of committee on March 12, but that bill died on the House Calendar. Another House bill, [House Bill 2794](#) would have provided an exemption for all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing

or remodeling facilities for pet shelters and rescue network managers was heard on Feb. 20, was passed out on March 18, but also died on the House Calendar.

Senate bills included [Substitute for Senate Bill 60](#) which would have provided exemptions for custom meat processing services, purchases for the construction or repair of buildings used for human habitation by the Kansas state school for the blind and the Kansas state school for the deaf, and certain purchases and sales by the Johnson County Christmas Bureau Association and certain purchases by Doorstep, Inc. was passed by the Senate Committee on Assessment and Taxation on Feb. 8, was passed by the full House on March 14, but died in the House Committee on Taxation. [Senate Bill 421](#) (a companion bill to HB 2688 above) would have provided a sales tax exemption for Exploration Place, Inc. for the purpose of constructing, remodeling, furnishing, or equipping a riverfront amphitheater, a destination playscape, an education center, and indoor renovations at Exploration Place in Wichita was heard by the Assessment and Taxation Committee on Feb. 8, but ultimately died in that committee.

Several economic development related proposals also died | **DID NOT PASS**

Several economic development proposals failed to pass this session and most of them died in committee in their house of origin. Both [House Bill 2471](#) and [House Bill 2744](#) would have established the Transformation of Passenger and Freight Vehicle Industry Program designed to attract businesses engaged in electric motor vehicle and hydrogen-powered vehicle production industries to build new business facilities and operations, research and development operations, or new national headquarters in Kansas and to encourage the development of a Kansas-based supply chain for those enterprises and which included a new employee training and education fund and sales tax exemptions for project construction. HB 2471 received a Feb. 29 hearing in the House Commerce, Labor and Economic Development Committee, but died there. HB 2744 also died in that committee without being heard. [House Bill 2647](#) which would have created the Kansas rural downtown revitalization act; established a rural downtown revitalization fund and made transfers to such fund, died in the House Commerce, Labor and Economic Development Committee without a hearing. [Senate Bill 329](#) which related to the Kansas Angel Investor Tax Credit Act and would have discontinued the issuance of new tax credits after 2024 died in the Senate Commerce Committee without receiving a hearing; [Senate Bill 497](#) would have established the Pike Reservoir Project District Act; provided for the construction of a dam and a lake in Bourbon County, and for residential and commercial property development and water resource development; authorized the establishment of a governing board for the project and the establishment of real property tax and sales tax increment financing districts for the purpose of financing the project costs. No action was taken on the bill in the Agriculture and Natural Resources Committee. [House Bill 2734](#) which would have imposed a five-year expiration on improvement districts and community improvement districts if no improvements were carried out

within the five-year period did receive a Feb. 19 hearing in Local Government and was approved by that committee two days later, but the bill was stricken from the House Calendar on Feb. 23.

Landmark workers compensation compromise signed into law | **PASSED**

[Senate Bill 430](#) was passed (40-0) by the Kansas Senate and referred over to the House Committee on Commerce, Labor and Economic Development on Feb. 21. That committee issued a committee report recommending that the bill be passed and placed on the House Consent Calendar on Feb. 29. This workers compensation measure represents a negotiated compromise between business and labor as evidenced by its support by the Kansas Chamber of Commerce, the Kansas AFL-CIO, the Kansas Department of Labor, the National Federation of Independent Businesses, the Kansas Self-Insurers Association, Kansas Trial Lawyers Association and others. Conferees requested the bill not be amended due to its negotiated nature and it has not been. Among many other things, SB 430 would provide coverage for members of the Kansas national guard under the workers compensation act; limit reductions to benefits based on retirement benefits; require a judicial determination of dependency for immediate payment of a death benefit; increase the maximum amount of death benefits; extend the time period for payments to dependent children when in schools; provide for a yearly adjustment to the maximum death benefit to commence in 2027; increase the minimum weekly payment for permanent total disability; increase the maximum employer liability for unauthorized medical care; increase the evidentiary standard for future medical treatment after maximum medical improvement in certain circumstances; increase employer liability for expenses of claimants for required examinations; and extend deadlines for an employee to give notice of injury to an employer. Detailed information regarding these and other workers compensation law changes contained in the bill can be found in the SB 430 [Supplemental Note](#) and [Fiscal Note](#).

Some significant unemployment compensation changes also become law | **PASSED**

The conference committee report on [Substitute for House Bill 2570](#) was passed (38-1) by the Senate on April 4, passed (123-0) by the House the following day, and signed into law on April 24. Sub for HB 2570 makes various changes to unemployment compensation law and, among other things, does the following: makes revisions to the unemployment compensation taxable wage base and tax rates; modifies write-off provisions of negative unemployment compensation account balances; provides for the suspension of state unemployment benefits when individuals are receiving certain federal unemployment benefits; provides for minimum qualifications for members of the Employment Security Board of Review; provides for temporary unemployment and extensions thereto; abolishes the Employment Security Interest Assessment Fund; revises

annual Department of Labor reporting requirements; and makes other technical changes to the unemployment compensation system. Detailed information regarding the changes to employment security law contained in the bill may be found in the [CCRB](#) for Substitute for House Bill 2570.

Training related bills | **DID NOT PASS**

[Senate Bill 378](#) would have enacted the Kansas Trade Service Scholarship Act and created the Kansas Trade Service Scholarship Program to be administered by the Kansas Board of Regents. Among other things, the bill would have required the Board to identify eligible trade programs, including construction trade programs, offered by each eligible postsecondary educational institution. For FY 2025, the bill would have appropriated \$10.0 million from the State General Fund for the Kansas Trade Service Scholarship fund and \$10.01 million from the State General Fund for trade program capital improvement grants. The \$10.0 million for the scholarships would have been used to implement the provisions of the bill. The \$10.01 million for the grants would be to provide grants to each community college and to technical colleges throughout the state. Each college would have received a grant of \$385,000 for capital improvements to trade program buildings and facilities and for repairs and purchases of trade program educational equipment and fixtures. SB 378 died in the Senate Ways and Means Committee without receiving a hearing.

Both [Senate Bill 451](#) and [Senate Bill 529](#) would have created the Dwayne Peaslee Technical Training Center District Act. These bills would have allowed the Douglas County Commission to place a question on the ballot that would create the Dwayne Peaslee Technical Training Center District and imposed a property tax levy not to exceed 0.5 mills on all taxable tangible property located in the district to fund the budget of the training center. The tax levy would not be considered a tax levy of Douglas County or the City of Lawrence. If the ballot question was approved by the voters, then the existing board of directors of the Dwayne Peaslee Technical Training Center would be dissolved. All contracts previously entered into by the training center would be binding on the new district, and all outstanding bonds, debts, and other obligations of the center would become an obligation of the new district. Based on Douglas County's 2023 taxable value, the property tax levy of 0.5 mills would generate approximately \$984,500. SB 451 died without a hearing in the Senate Assessment and Taxation Committee and SB 529 died on the Senate Calendar.

Other bills of interest

Reciprocal occupational licensing | **PASSED**

[House Bill 2745](#) was passed as amended (119-0) by the House on Feb. 22, passed (40-0) by the Senate on March 20 and approved by the governor on March 29. This new law limits the

application of the statute providing for reciprocal occupational licensing for military service members and military spouses to those residing in Kansas or planning to reside in Kansas due to the assigned military station of the individual or their spouse, and would provide that such applicants would be exempt from all fees for applications for any such credential assessed by the licensing body, including criminal background report fees, whether assessed by the licensing body or another agency, including initial applications and any fees associated with renewal of any credential.

Elevator Safety Act | **PASSED**

The conference committee report on [House Substitute for Senate Bill 143](#), a carryover bill from last session was passed (118-2) by the House on April 4, approved (36-1) by the Senate the following day and signed into law on April 23. This bill redefines the term elevator; modifies the requirements for licensure, inspection and testing of elevators and adoption of rules and regulations by the state fire marshal; permits inspections by insurance companies; requires notification to the state fire marshal of certain elevator accidents; prohibits the use of elevators following such accidents until approved by the state fire marshal; provides for the use of labels by the state fire marshal to affix to elevators not authorized for use; provides that failure to notify the state fire marshal of an accident; removing an affixed label or operating an elevator in violation of an affixed label constitutes class A nonperson misdemeanors; removes requirements that inspections be conducted by licensed elevator inspectors and provides that licensed elevator mechanics or the employees of licensees may conduct such inspections.

Small Business Enterprise Development Act | **DID NOT PASS**

[Senate Bill 464](#) would have created the Kansas minority, woman, disadvantaged, and service-disabled veteran small business enterprise development act; provided for development of such business enterprises through a program to facilitate and increase participation by such business enterprises in providing goods and services to state agencies and postsecondary educational institutions; established the office of minority and women business development within the department of commerce to develop such program and assist state agencies and postsecondary educational institutions to establish plans and goals for such participation; provided for an advisory committee on certified small business enterprises; authorized the adoption of rules and regulations; and provided for penalties for violations of the provisions of the act or rules and regulations adopted pursuant to the act. SB 464 died in the Senate Commerce Committee.

Eminent domain bills fail | **DID NOT PASS**

[Senate Bill 441](#) would have enacted the fairness in condemnation act and required the plaintiff condemning authority to provide the property owner notice and opportunity for negotiation and provided for court review of compliance with the act. SB 441 died in the Senate Commerce

Committee. Another eminent domain bill, [Senate Bill 443](#), would have increased the statutory compensation for private property taken by eminent domain for electric transmission lines. If the entire tract of land was taken, the compensation would be the fair market value of the property, multiplied by 150%. If only a part of a tract of land was taken, the compensation would be the greater of: (1) the difference between the fair market value of the entire property before the taking and the value of the portion remaining after the taking, multiplied by 150%, or (2) the fair market value of the property taken, multiplied by 150%. SB 443 died in the Senate Committee on Utilities.

As always, if you have questions about any of the pieces of legislation above or would like us to look into a bill or issue not listed, please contact Allen Dillingham, Government Relations Director for The Builders, a chapter of the AGC, at 816.595.4121 or adillingham@thebuildersagc.com. We also encourage you to contact your elected representatives on these pieces of legislation and other issues important to you and your business.