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MEMORANDUM

To: Chairperson Bergquist
Members of the House Committee on Local Government

From: The Office of Revisor of Statutes

Date: February 19, 2024

Subject: HB 2704 – Creating the No-impact Home-based Business Fairness Act.

House Bill No. 2704 (HB 2704) would create the No-impact Home-based Business Fairness Act (Ac). The Act restricts municipal regulation of certain business activities that occur on residential property. Under the bill a “no-impact home business” is defined as one where lawful goods or services are produced or sold on residential property by the owner or tenant of such property. Such businesses also must have a total number of on-site employees and clients that does not exceed the occupancy limit for residential property and must not generate on-street parking or substantially more traffic. All business must be transacted out of view of the street.

HB 2704 would generally permit no-impact home-based businesses and prohibit municipalities from regulating such businesses. The bill limits such businesses if the permitted use is prohibited by deed restriction, covenant, or other agreement, such as a homeowners’ association agreement. The bill also prohibits any business that:

- Sells illegal drugs or alcoholic liquor;
- Operates or maintains a drug or alcohol recovery home; or
- Sells pornography or operates an adult-oriented business.

Municipalities could adopt the following reasonable regulations:

- Public health and safety regulations relating to fire and building codes, health and sanitation, transportation or traffic control, solid or hazardous waste management, or pollution or noise control;
- Compatibility with use as a residential dwelling;
- Ensuring the business is a secondary use of the residential dwelling;
- Ensuring compliance with applicable state and federal law; and

- Requiring the owner is not in arrears in applicable taxes.

Municipalities could not require the property owner to seek a rezoning of such property for commercial use. Additionally, fire code regulations could not impose a sprinkler requirement for any detached single-family dwelling or any residential dwelling consisting of more than two units.

If enacted, HB 2704 would become effective on July 1, 2024.