

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 35**

As Agreed to March 25, 2025

Brief*

SB 35 would eliminate, beginning in tax year 2026, the statewide mill levies of 1.0 mills for state educational buildings and 0.5 mills for state institutions buildings and would create, beginning in fiscal year 2027, demand transfers from the State General Fund (SGF) to the Kansas Educational Building Fund (EBF) and to the State Institutions Building Fund (SIBF).

The transfer to the EBF would be \$56.0 million in FY 2027 and would be adjusted in future years to reflect the average percentage change in taxable value of all property in the state for the preceding 10 years.

The transfer to the SIBF would be \$25.0 million in FY 2027 and would increase by 2 percent of \$25.0 million in each future year.

Conference Committee Action

The Conference Committee agreed to SB 35 as passed by the Senate, removing the House Committee of the Whole amendments. [Note: House Committee of the Whole amendments replaced contents regarding the EBF and the SIBF with amended provisions of HB 2396 regarding property tax.]

Background

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Tyson.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by representatives of Kansas Farm Bureau, Kansas Livestock Association, and National Federation of Independent Business-Kansas. Proponents stated the bill would provide broad-based property tax relief for all Kansas property owners while continuing to meet the maintenance needs of state-owned

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <https://klrd.gov/>

facilities. Written-only proponent testimony was provided by two private citizens and by representatives of the Kansas Association of Realtors, Kansas Grain and Feed Association and Renew Kansas Biofuels Association, and Kansas Policy Institute.

Opponent testimony was provided by a representative of the University Contractors Association of Kansas, stating the bill would destabilize the funding for ongoing maintenance and repair needs of state educational facilities and add an ongoing expense to the SGF.

Neutral testimony was provided by a representative of the Kansas Board of Regents. Written-only neutral testimony was provided by a representative of the American Council of Engineering Companies of Kansas.

No other testimony was provided.

The Senate Committee amended the bill to increase the FY 2027 transfer to the EBF from \$50.0 million to \$56.0 million and to replace a 2 percent growth rate for the EBF transfer with the provision linking the transfer amount to the 10-year average annual growth rate of residential property value. [*Note:* The Conference Committee retained this amendment.]

Senate Committee of the Whole

The Senate Committee of the Whole amended the bill to:

- Specify the transfers to be made would be demand transfers; and
- Specify the transfer to the EBF would increase based on the average of taxable valuation of all property.

[*Note:* The Conference Committee retained these amendments.]

House Committee on Taxation

In the House Committee hearing, **proponent** hearing was provided by representatives of Kansas Farm Bureau and Kansas Livestock Association. The testimony was substantially similar to the testimony provided in the Senate Committee hearing.

Written-only proponent testimony was provided by representatives of the Kansas Association of Realtors, Kansas Grain and Feed Association, and Kansas Policy Institute.

Neutral testimony was provided by a representative of the Kansas Board of Regents.

No other testimony was provided.

House Committee of the Whole

The House Committee of the Whole amended the bill to remove the contents of the bill and insert contents substantially similar to those of HB 2396 regarding property tax. [*Note:* The Conference Committee did not retain these amendments.]

Fiscal Information

According to the Department of Revenue, enactment of the bill would increase SGF expenditures by \$81.0 million in FY 2027, \$85.4 million in FY 2028, and \$90.1 million in FY 2029. For budgetary purposes, demand transfers are considered expenditures from the fund from which moneys are being transferred out.

For the EBF, enactment of the bill would decrease revenues by \$150,000 in FY 2027, increase revenues by \$950,000 in FY 2028, and decrease revenues by \$2.9 million in FY 2029.

For the SIBF, the bill would reduce revenues by \$3.1 million in FY 2027, \$4.0 million in FY 2028, and \$7.5 million in FY 2029.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2026 Governor's Budget Report*.

Taxation; property tax; statewide mill levies; transfers; Educational Building Fund; State Institutions Building Fund

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