

January 30, 2025

The Honorable Adam Smith, Chairperson
House Committee on Taxation
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2083 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2083 is respectfully submitted to your committee.

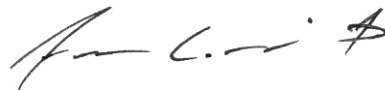
HB 2083 would provide a property tax exemption to any new energy storage system beginning in tax year 2026. The exemption would not apply to any energy storage system that received any necessary county approval prior to January 1, 2026. Energy storage systems are defined as commercial or utility-scale electrochemical, mechanical, electrostatic, or gravitational devices that charge or collect energy from the electrical grid or a generation facility, store or use that energy, and then discharge stored energy at a later time to provide electricity or other electrical grid services. A generation facility includes any existing or new electric generation facilities or any electric generation facility that utilizes renewable energy resources or technologies including wind, solar, biomass, landfill gas, or any other renewable source of energy.

The Department of Revenue indicates that there are currently no energy storage systems in operation in Kansas. If a new energy storage system is built in the future, the bill has the potential to decrease property tax revenues by unknown amounts by providing a new property tax exemption. The state has the potential to receive less property tax revenues to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill has the potential to decrease the amount of property tax revenues that school districts would receive through the state's uniform mill levy. The bill has the potential to decrease revenues to any local government that levies a property tax. The Department of Revenue indicates the bill would have no fiscal effect on its operations.

The Board of Tax Appeals indicates the bill has the potential to increase exemption filings; however, the additional costs to review and approve exemption filings would be negligible and could be absorbed within existing resources. Any fiscal effect associated with HB 2083 is not reflected in *The FY 2026 Governor's Budget Report*.

The League of Kansas Municipalities and the Kansas Association of Counties indicate the bill has the potential to decrease local property tax revenues that are used in part to finance local governments.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Stephen Bauchum, Board of Tax Appeals
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties
Gabrielle Hull, Department of Education