

February 20, 2025

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

Dear Representative Smith:

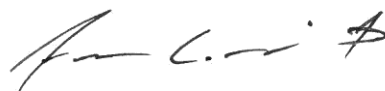
SUBJECT: Fiscal Note for HB 2278 by Representative Woodard, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2278 is respectfully submitted to your committee.

For tax year 2026, HB 2278 would increase the property tax exemption from the statewide school levy for residential property from \$75,000 to \$110,000. For tax year 2027 and in each subsequent year, the amount of the exemption would be adjusted to reflect the average percentage change in statewide residential valuation for the preceding ten years. The Director of Property Valuation would be required to calculate the percentage change, as outlined in the bill.

According to the Department of Revenue, the increase in the property tax exemption would reduce revenues to the School District Finance Fund by \$61.3 million in FY 2027, \$71.8 million in FY 2028, \$83.0 million in FY 2029, \$94.8 million in FY 2030, and \$107.3 million in FY 2031. The Division of the Budget notes that because the School District Finance Fund partially finances State Foundation Aid, a corresponding increase to the State General Fund appropriation for State Foundation Aid would be needed each year in order to fund the approved Base State Aid Per Pupil in the school finance formula. Any fiscal effect associated with HB 2278 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Gabrielle Hull, Department of Education