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Laura Kelly, Governor

February 9, 2026

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 2457 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2457 is respectfully submitted to your committee.

HB 2457 would cap homestead property taxes at no more than the amount established in the base year for individuals 65 years of age or older or their surviving spouse beginning in tax year 2027. The bill would require that the taxpayer be 65 years of age or older immediately preceding January 1 of the taxable year in which the exemption is sought and have occupied and used this homestead as a residence for the prior tax year. If the property taxes that are levied are less than the amount established as the base year amount, the lesser amount would be levied and collected and that amount would be used as the new base year amount for future years. All monies received from taxes levied on the homestead property would be allocated and distributed to the appropriate taxing subdivisions in proportion to the cumulative tax levies for that property. The Department of Revenue's Division of Property Valuation would be required to make suitable forms available with instructions for claimants. Copies of the forms would also be made available to all county clerks and county treasurers in sufficient numbers to supply claimants residing in their respective counties. The county clerk would be required to assist claimants seeking assistance in filing their claim. Claimants would be required to submit their application to the county treasurer by April 1, who would grant or deny the application.

The bill would remove the current property tax exemption for property owned by a non-profit corporation that provides healthcare services when another comparable medical service is provided by a taxpaying entity within the same county or an adjacent county. The county appraiser would be responsible for determining whether an exempt property meets these criteria which would remove the property tax exemption. Property owners would be allowed to appeal the decisions to the board of county commissioners, whose decision would be final. This provision of the bill would begin in tax year 2027.

Enactment of HB 2457 would decrease property tax revenues by adding a new property tax exemption for individuals 65 years of age or older beginning in tax year 2027 or FY 2028. The bill would decrease property tax revenues that school districts would receive through the state's uniform mill levy. The bill would also decrease revenues to any local government that levies a property tax; however, the specific estimate of the reduction to local property tax revenues was not calculated by the Department of Revenue. The fiscal effect on state revenues would be as follows:

	FY 2028	FY 2029	FY 2030
School District Finance	($8,540,000)	($17,530,000)	($27,000,000)

To formulate these estimates, the Department of Revenue reviewed data from its Property Valuation Division and the U.S. Census Bureau. The Department assumes that the average appraised value of a residential home was $252,315 with an average statewide mill levy of 127.033 in 2025. Annual property taxes are estimated to increase by 5.21 percent and 79.1 percent of individuals 65 years of age or older own their own homes.

The bill would also remove the current property exemption for certain properties that provide healthcare services. The Department is unable to estimate the fiscal effect of this provision because it is unknown how many properties would lose their property tax exemption status and the valuation of those properties. However, this provision would provide an unknown increase in revenue for the State School District Finance Fund and any local government that levies a property tax. The Department of Revenue indicates that the bill would have no fiscal effect on its operations.

The Division of the Budget notes that the estimated reduction in revenues from the 20-mill school levy would require an offsetting appropriation for State Foundation Aid from the State General Fund to keep the Base Aid for Student Excellence (BASE) in the school finance formula at $5,943 for FY 2028, as included in *The FY 2027 Governor's Budget Report*. If the bill were enacted without a corresponding increase to the State General Fund appropriation for State Foundation Aid, the Department of Education would have to prorate the BASE by reducing state aid to school districts in FY 2028. The Department of Education indicates the bill would also reduce property taxes collected by local school boards to support capital outlay projects by unknown amounts beginning in FY 2028. Any fiscal effect associated with HB 2457 is not reflected in *The FY 2027 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill by itself would lower local property tax collections that are used in part to finance local governments by providing a new property tax exemption. To offset these decreases, local governments would likely increase property taxes from other taxpayers not receiving this property tax exemption. The Kansas Association of Counties indicates the bill would increase costs by unknown amounts for county clerks to assist claimants seeking assistance in filing their claim and for county treasurers to review applications.

Sincerely,

Adam C. Proffitt
Director of the Budget

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