

February 19, 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 2496 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2496 is respectfully submitted to your committee.

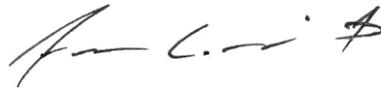
Under existing law, public utilities are required to file annual returns with the Director of Property Valuation at the Department of Revenue by March 20, providing information necessary for appraising and apportioning the value of their property in Kansas. If a utility fails to comply, the Attorney General is authorized to take enforcement action. HB 2496 would add a new requirement for the Director to conduct a review or audit of the appraisal and apportionment of the valuation of the property of any public utility whose total appraised value of property in this state decreases by more than 5.0 percent when compared with the prior tax year. The review or audit would be conducted upon request by any local government that levies a property tax in a taxing jurisdiction that includes the real or personal property of that public utility.

The Department of Revenue estimates that HB 2496 would have no fiscal effect on state and local property tax revenues. The Department indicates that the bill could require on-site property inspections that could increase staff time and travel-related costs to conduct a review or audit of public utility property. The administrative impact would depend on the scope of the review or audit. A full reappraisal of valuation methods, models, and underlying data would require substantially more staff time and technical resources to accomplish; however, any increased costs to conduct a review or audit of public utility property would likely be absorbed with existing resources.

The bill would have no fiscal effect on the Kansas Corporation Commission. Any fiscal effect associated with HB 2496 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 would have an indeterminate fiscal effect on local governments. The bill could increase or decrease local property tax revenues collected from certain public utility property if the review or audit results in changes to the valuation of public utility property. The Association and the League indicate that since property tax collections are based on the approved budget, the potential change in an individual valuation would not impact local government finances. The bill has the potential to shift the tax burden to other property classifications and types; however, any shift is estimated to be negligible.

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
Lynn Retz, Kansas Corporation Commission
Wendi Stark, League of Kansas Municipalities
Bruce Chladny, Kansas Association of Counties
Gabrielle Hull, Department of Education