



February 11, 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 2570 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2570 is respectfully submitted to your committee.

HB 2570 would provide a sales tax exemption for O’Connell Children’s Shelter, Inc., a 501(c)(3) nonprofit organization located in Douglas County. The exemption would apply to purchases of tangible personal property and services for the purpose of acquiring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing, or remodeling facilities for the organization. The sales tax exemption would also be extended to any contractor hired for the same purposes. The bill would include reporting requirements for contractors and penalties for use of the sales tax exemption that is determined not to be part of an allowable project, which would be punishable as a misdemeanor. The provisions of the bill would expire on July 1, 2029.

Estimated State Fiscal Effect			
	FY 2026	FY 2027	FY 2028
<b>Expenditures</b>			
State General Fund	--	\$1,340	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$1,340	--
<b>Revenues</b>			
State General Fund	--	(\$26,700)	(\$26,700)
Fee Fund(s)	--	(5,800)	(5,800)
Federal Fund	--	--	--
Total Revenues	--	(\$32,500)	(\$32,500)
FTE Positions	--	--	--

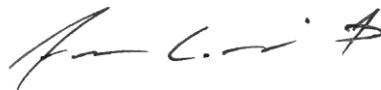
The Department of Revenue estimates that HB 2570 would decrease state revenues by \$32,500 in FY 2027. Of that total, State General Fund revenues are estimated to decrease by \$26,700, while State Highway Fund revenues are estimated to decrease by \$5,800. The bill is also estimated to decrease local sales tax revenues; however, a specific estimate of this reduction to local sales tax receipts was not calculated by the Department of Revenue. The same fiscal effect to state revenues is estimated for FY 2028 and FY 2029, after which the provisions of the bill would expire.

To formulate these estimates, the Department of Revenue reviewed information provided by the organization, which reports that it is implementing a three-year project with combined taxable expenditures estimated at \$1.5 million. A sales tax exemption for the project is estimated to result in a total state sales tax reduction of \$97,500 from FY 2027 through FY 2029, including \$80,000 from the State General Fund and \$17,500 from the State Highway Fund. Assuming the impact is evenly distributed over the duration of the project, the bill would result in an annual reduction of \$32,500 per fiscal year. According to the Department of Revenue, revising sales tax publications and forms would cost \$1,340 from the State General Fund in FY 2027.

The Kansas Department of Transportation indicates that the bill would decrease State Highway Fund revenues as noted above. Any fiscal effect associated with HB 2570 is not reflected in *The FY 2027 Governor's Budget Report*.

The League of Kansas Municipalities indicates the bill would provide a net reduction to local sales tax collections that are used in part to finance local governments. The Kansas Association of Counties indicates that the bill would reduce sales tax collections for counties in which the shelter makes purchases.

Sincerely,



Adam C. Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Brendan Yorkey, Department of Transportation  
Jay Hall, Kansas Association of Counties  
Wendi Stark, League of Kansas Municipalities