



March 10, 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 2630 by Representative Osman, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2630 is respectfully submitted to your committee.

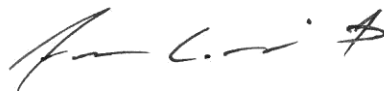
Under current law, all alcoholic liquor and cereal malt beverages sold by retail liquor stores, microbreweries, microdistilleries, or farm wineries to Kansas consumers, or sold by distributors to Kansas clubs, drinking establishments, or caterers are subject to the 8.0 percent state liquor enforcement tax that is deposited in the State General Fund. HB 2630 would allow any city or county to hold an election to authorize a 2.0 percent local liquor enforcement tax. The tax would be effective at the start of the calendar quarter following at least 60 days after the election. The bill would require that the proceeds from local liquor enforcement tax be used exclusively to reduce the property tax levy in the next fiscal year.

The Department of Revenue indicates HB 2630 has the potential to increase revenues by unknown amounts and would have no fiscal effect on state revenues. The Department indicates that it is unclear if the local liquor enforcement tax would be collected by the Department and distributed to the cities and counties or if the cities and counties would be responsible for directly collecting the tax. If the Department would be responsible for collecting and distributing the tax, it would require a total of \$7,562 from the State General Fund in FY 2027 to update forms and publications, provide notice to customers, make website changes, and modify the liquor enforcement tax filing system. The Department indicates the bill has the potential for additional costs to develop a new local liquor enforcement tax distribution process. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is

too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with HB 2630 is not reflected in *The FY 2027 Governor's Budget Report*.

The League of Kansas Municipalities and the Kansas Association of Counties indicate the bill would allow local governments the ability to raise revenue for property tax relief by imposing a local liquor enforcement tax. Both organizations do not know how many cities or counties would request an election to impose a local liquor enforcement tax to make a precise estimate of the fiscal effect. Considerations for local governments would include if there would be any additional administrative costs for imposing the local liquor enforcement tax and the cost of an election authorizing the tax. An election held at the same time as a primary or general election would cost less than a stand-alone special election.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish or symbol.

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Wendi Stark, League of Kansas Municipalities
Bruce Chladny, Kansas Association of Counties