

February 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 2644 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2644 is respectfully submitted to your committee.

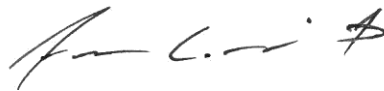
Under current law, for the next two years after the valuation for commercial real property has been reduced due to a final determination, the county appraiser is required to review the computer-assisted mass-appraisal of the property and if the valuation in either of those two years exceeds the value of the previous year by more than 5.0 percent, excluding new construction, change in use, or change in classification, the county appraiser must adjust the valuation of the property based on the information provided in the previous appeal or order an independent fee simple appraisal of the property to be performed by a Kansas certified real property appraiser. HB 2644 would extend this provision to residential property and would increase this requirement from two to five years after the property's valuation has been reduced due to a final determination.

The Department of Revenue estimates that HB 2644 has the potential to reduce state property tax revenues by unknown amounts; however, the Department indicates that the aggregate amount would be negligible. The Department assumes county appraisers would lower the valuation of the property and lower property taxes would be collected on that property. Less property tax revenue would also affect state expenditures for aid to school districts. To the extent that less property tax revenue would be available from the state's uniform mill levy to fund expenditures for school districts, the state would be required to provide additional state aid from the State General Fund through the school finance formula. Local governments that levy a property tax would also receive less revenue; however, the amount of reduced property tax revenues is unknown. The Department indicates that the bill would have no fiscal effect on its operations.

The Board of Tax Appeals (BOTA) indicates that the costs to implement the bill would be negligible and could be absorbed within existing resources. BOTA indicates the bill would have an unknown effect on its appeal caseload and filing fee revenue. BOTA does not have data to determine how county appraisers and taxpayers would respond to the provisions of the bill to provide a precise estimate of the fiscal effect. Any fiscal effect associated with HB 2644 is not reflected in *The FY 2027 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate that since property tax collections are based on the approved budget, the 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. The Kansas Association of Counties indicates the bill has the potential to increase costs for county appraisers to review the computer-assisted mass-appraisal of the property or order an independent fee simple appraisal of the property; however, those potential costs are unknown. The bill also has the potential to delay the final determination of appeal cases if there is a wait time for counties to receive the fee simple appraisal report on that property.

Sincerely,

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

Adam C. Proffitt
Director of the Budget

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