

March 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 2794 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2794 is respectfully submitted to your committee.

Under current law, the statewide school finance property tax levy for the purpose of financing a school district's general fund budget that is not financed from any other source provided by law is set at 20 mills for school years 2025-2026 and 2026-2027. HB 2794 would reduce the statewide school finance property tax levy to 19 mills for school year 2027-2028. For school year 2028-2029 and each subsequent school year, the Director of Property Valuation at the Department of Revenue would calculate the school levy based on the current tax year's assessed valuation that would generate the same amount of property tax revenue as levied for school year 2027-2028. However, the mill levy could not be less than 15 mills.

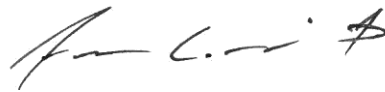
The Department of Revenue estimates that HB 2794 would decrease property tax revenues to the State School District Finance Fund by \$50.1 million in FY 2028, \$101.6 million in FY 2029, \$155.5 million in FY 2030, \$211.9 million in FY 2031, and \$271.1 million in FY 2032. The Department estimates that the statewide school finance property tax levy of 19 mills for the 2027-2028 school year would generate \$952,561,227. To generate that same amount in future school years, the Department estimates the bill would reduce the statewide school finance property tax levy as follows:

<u>School Year</u>	<u>Mill Levy</u>
2027-2028	19.00
2028-2029	18.07
2029-2030	17.19
2030-2031	16.36
2031-2032	15.57

The Department estimates an annual property valuation growth of approximately 5.2 percent per year for residential property and 3.5 percent for all other properties. The Department indicates the bill would have no fiscal effect on its operations.

The Division of the Budget notes that the estimated reduction in revenues from the statewide school finance property tax levy would require an offsetting appropriation for State Foundation Aid from the State General Fund to keep the Base Aid for Student Excellence (BASE) amount 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. Any fiscal effect associated with HB 2794 is not reflected in *The FY 2027 Governor's Budget Report*.

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
Gabrielle Hull, Department of Education
Angie Stallbaumer, Kansas Association of School Boards