

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 2795 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2795 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 2795 would reduce the statewide school finance property tax levy as follows:

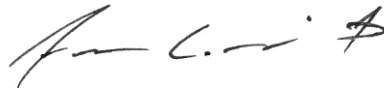
<u>School Year</u>	<u>Mill Levy</u>
2027-2028	19
2028-2029	18
2029-2030	17
2030-2031	16
2031-2032	15

The Department of Revenue estimates that HB 2795 would decrease property tax revenues to the State School District Finance Fund by \$50.1 million in FY 2028, \$105.4 million in FY 2029, \$166.2 million in FY 2030, \$232.9 million in FY 2031, and \$305.9 million in FY 2032. 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 2795 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 or symbol.

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