



Adam C. Proffitt, Director

Laura Kelly, Governor

February 3, 2025

The Honorable Brenda Dietrich, Chairperson
 Senate Committee on Financial Institutions and Insurance
 300 SW 10th Avenue, Room 546-S
 Topeka, Kansas 66612

Dear Senator Dietrich:

SUBJECT: Fiscal Note for SB 32 by Senate Committee on Assessment and Taxation

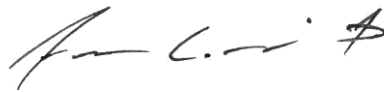
In accordance with KSA 75-3715a, the following fiscal note concerning SB 32 is respectfully submitted to your committee.

SB 32 would reduce the premium tax rate from 2.0 percent to 1.98 percent starting in tax year 2026 for insurance companies, fraternal benefit societies, and other corporations. The bill also would eliminate the remittance of the 1.0 percent premium tax into the Insurance Department Service Regulation Fund. The Department would also be required to retain tax returns for a minimum of three years or until the Commissioner orders them to be destroyed.

Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	--	--
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	(\$2,000,000)	(\$2,000,000)
Federal Fund	--	--	--
Total Revenues	--	(\$2,000,000)	(\$2,000,000)
FTE Positions	--	--	--

The Kansas Department of Insurance states that the bill would reduce the agency's Insurance Department Service Regulation Fund revenues by approximately \$2.0 million each fiscal year beginning in FY 2026. The Department also indicates that the bill would not affect State General Fund revenues. Even though the total tax collected is reduced, the elimination of the 1.0 percent transferred to the Insurance Department from that tax would make the bill revenue neutral for the State General Fund. Any fiscal effect associated with SB 32 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Kyle Strathman, Insurance Department
Lynn Robinson, Department of Revenue