

SESSION OF 2025

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2011

As Amended by House Committee on Taxation

Brief*

HB 2011, as amended, would increase, beginning in tax year 2025, the amount of the appraised value of residential property exempt from the statewide school finance levy from \$75,000 to \$100,000 and reduce the statewide school finance mill levy.

The mill levy would be reduced from 20 mills to 18.5 mills in tax year 2025. Beginning in tax year 2026, the rate would be equal to that rate which would generate the same revenue as levied in tax year 2025 using the current year's total assessed valuation, as calculated by the Director of Property Valuation.

The bill would also require a transfer to be made from the State General Fund (SGF) to the State School District Finance Fund (SSDFF) in the amount of any reduction of revenue to the SSDFF attributable to the reduction of the mill levy below 20 mills, as certified by the Director of the Budget.

Background

The bill was introduced by the House Committee on Taxation at the request of Representative Adam Smith.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas Farm Bureau, Kansas Livestock Association, and National Federation of Independent Business. The proponents generally stated the bill would provide broad-based property tax relief for all Kansans that would be ongoing in future years.

Written-only proponent testimony was provided by representatives of the Kansas Association of Realtors, Kansas Grain and Feed Association, and Kansas Policy Institute.

Written-only opponent testimony was provided by a representative of Kansas Action for Children.

Neutral testimony as provided by representatives of the Kansas Association of School Boards and Kansas National Education Association, who stated the bill would not provide for increases in school funding to account for rising costs of education in future years.

Written-only neutral testimony was provided by representatives of Topeka Public Schools, United School Administrators, and a private citizen.

No other testimony was provided.

The House Committee amended the bill to:

- Require a transfer from the SGF to the SSDFF in the amount of foregone revenue attributable to any mill reduction; and
- Increase the amount of residential property exempt from the school finance levy.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue estimates enactment of the bill would decrease revenues to the SSDFF by \$67.4 million in FY 2026, \$113.8 million in FY 2027, \$162.4 million in FY 2028, \$213.3 million in FY 2029, and \$266.7 million in FY 2030.

The fiscal note also notes that in order to keep the same level of funding to school districts, any reduction to SSDFF revenue would require a corresponding increase to the SGF appropriation, without which the Base State Aid Per Pupil would be reduced from the Governor's recommendation by \$100 to \$5,511 in FY 2026 and by \$169 to \$5,762 in FY 2027.

A revised fiscal note on the amended bill was not immediately available.

Any fiscal effect associated with HB 2011 is not reflected in *The FY 2026 Governor's Budget Report*.

Taxation; property tax; school finance