

SESSION OF 2025

SUPPLEMENTAL NOTE ON SENATE BILL NO. 10

As Amended by House Committee on Taxation

Brief*

SB 10, as amended, would exempt, beginning in tax year 2026, certain personal property from all property or ad valorem taxes levied under Kansas law.

The bill would exempt the following personal property from all property or ad valorem taxes:

- Any snowmobile, all-terrain vehicle, recreational off-highway vehicle, motorcycle manufactured for off-road use, or golf cart, that is not operated upon any highway;
- Any motorized bicycle, electric-assisted bicycle, electric-assisted scooter, electric personal assistive mobility device, or motorized wheelchair, as those terms are defined in law;
- Any trailer having a gross weight of 15,000 pounds or less, used exclusively for personal use and not the production of income;
- Any watercraft; and
- Any watercraft trailer designed to launch, retrieve, transport, and store watercraft, and any watercraft motor designed to operate watercraft on the water.

*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/>

Background

The bill was introduced by Senators Tyson, Alley, Blasi, Bowers, Bowser, J.R. Claeys, Joseph Claeys, Clifford, Dietrich, Erickson, Fagg, Faust-Goudeau, Gossage, Klemp, Kloos, Masterson, Murphy, Owens, Peck, Petersen, Rose, Shallenburger, Shane, Starnes, Thomas, Thompson, and Warren.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by representatives of the Kansas County Appraisers Association and the Military Officers Association of America.

The proponents generally stated the bill would exempt certain kinds of residential property that are already exempt when used for agriculture or commercial purposes, provide tax relief for citizens while minimizing the impact of the resulting revenue deficit by distributing the burden among all other classes of property, and reduce government costs associated with appraisal and processing of requests to the Board of Tax Appeals.

Written-only proponent testimony was provided by a representative of the Kansas Policy Institute and two private citizens.

Written-only **opponent** testimony was provided by a private citizen.

No other testimony was provided.

The Senate Committee amended the bill to include aircraft, as defined by the amendment, among the exempt types of property.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by Senator Owens and a representative of the Kansas County Appraisers Association. The proponents generally stated recreational property is taxed at a significantly higher rate than motor vehicles, that the amount of property tax collected on such property is not worth the cost and administrative burden required to collect the tax, and that excluding recreational property and aircraft from property taxation makes Kansas more competitive with other states where such property is not taxed.

Written-only proponent testimony was provided by Representative Fairchild.

Opponent testimony was provided by a representative of the Kansas Association of Counties, who stated the types of property included in the original bill might not be worth the administrative expense of collecting the tax, but the inclusion of aircraft in the exemption would unnecessarily reduce local government revenues.

Written-only opponent testimony was provided by a representative of the League of Kansas Municipalities.

No other testimony was provided.

The House Committee amended the bill to exclude aircraft from the types of property exempted by the bill.

Fiscal Information

According to estimates provided by the Department of Revenue, the bill, as introduced, would decrease revenues by \$189,749 in tax year 2026, including \$126,499 from the Educational Building Fund and \$63,250 from the State Institutions Building Fund. [Note: The bill as amended by the

House Committee on Taxation is identical to the bill as introduced.]

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 an additional \$2,529,984 in state aid from the State General Fund through the school finance formula.

According to the fiscal note prepared by the Division of Budget on the bill, as introduced, local governments that levy a property tax would also receive less revenue; however, the amount of reduced property tax revenues was not estimated. The bill would have similar results in future years. The Department of Revenue indicates the bill would have no fiscal effect on its operations.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2026 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate the bill would reduce the amount of local property tax collections that are used in part to finance local governments. However, they do not have data to provide an accurate estimate of the amount of lower property tax collections to make a precise estimate of the fiscal effect on local governments. The fiscal effect would vary by location, though not necessarily proportionally.

Taxation; property tax; personal property; exemption