

SESSION OF 2025

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 35**

As Amended by Senate Committee of the Whole

**Brief\***

SB 35, as amended, would eliminate, beginning in tax year 2026, the statewide mill levies of 1.0 mills for state educational buildings and 0.5 mills for state institutions buildings and would create, beginning in fiscal year 2027, demand transfers from the State General Fund (SGF) to the Kansas Educational Building Fund (EBF) and to the State Institutions Building Fund (SIBF).

The transfer to the EBF would be \$56.0 million in FY 2027 and would be adjusted in future years to reflect the average percentage change in taxable value of all property in the state for the preceding 10 years.

The transfer to the SIBF would be \$25.0 million in FY 2027 and would increase by 2 percent of \$25.0 million in each future year.

**Background**

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Tyson.

***Senate Committee on Assessment and Taxation***

In the Senate Committee hearing, **proponent** testimony was provided by representatives of Kansas Farm Bureau, Kansas Livestock Association, and National Federation of

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\*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/>

Independent Business-Kansas. Proponents stated the bill would provide broad-based property tax relief for all Kansas property owners while continuing to meet the maintenance needs of state-owned facilities. Written-only proponent testimony was provided by two private citizens and by representatives of the Kansas Association of Realtors, Kansas Grain and Feed Association and Renew Kansas Biofuels Association, and Kansas Policy Institute.

**Opponent** testimony was provided by a representative of the University Contractors Association of Kansas, stating the bill would destabilize the funding for ongoing maintenance and repair needs of state educational facilities and add an ongoing expense to the SGF.

Neutral testimony was provided by a representative of the Kansas Board of Regents. Written-only neutral testimony was provided by a representative of the American Council of Engineering Companies of Kansas.

No other testimony was provided.

The Senate Committee amended the bill to increase the FY 2027 transfer to the EBF from \$50.0 million to \$56.0 million and to replace a 2 percent growth rate for the EBF transfer with the provision linking the transfer amount to the 10-year average annual growth rate of residential property value.

***Senate Committee of the Whole***

The Senate Committee of the Whole amended the bill to:

- Specify the transfers to be made would be demand transfers; and
- Specify the transfers would increase based on the average of taxable valuation of all property.

## **Fiscal Information**

According to the fiscal note prepared by the Division of Budget on the bill, as introduced, the bill would reduce SGF revenues by \$75.0 million in FY 2027, which would increase by 2.0 percent each year. The bill is estimated to reduce property tax revenues to the two funds by \$84.2 million in FY 2027, \$88.4 million in FY 2028, and \$100.5 million in FY 2029, with the increase in FY 2029 attributable to the two-year lag associated with motor vehicle tax receipts.

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

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

Taxation; property tax; statewide mill levies; transfers; Educational Building Fund; State Institutions Building Fund