



February 27, 2025

REVISED

The Honorable Adam Smith, Chairperson
House Committee on Taxation
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Revised Fiscal Note for HB 2097 by House Committee on Taxation

In accordance with KSA 75-3715a, the following revised fiscal note concerning HB 2097 is respectfully submitted to your committee.

HB 2097 would make changes to the tax credits for expenditures related to nongame and endangered species. This tax credit program was previously available to taxpayers from tax year 1998 through tax year 2002. The bill would reinstate the tax credit for participating in a qualified habitat management plan beginning in tax year 2026. This tax credit would be non-refundable and any unused tax credits would not be allowed to be carried forward. The amount of the tax credit is based on the property taxes paid. The bill would require qualified land to be identified by the U.S. Fish and Wildlife Service as an ecoregion according to the Endangered Species Act of 1973 as containing a threatened or endangered species. The bill would make changes to the management plan requirements and includes requirements and qualification standards for conservation organizations. The Department of Wildlife and Parks would develop and provide a list on the Department's website of all programs and management plans from the Department and conservation organizations that meet the appropriate standards of ecological benefit and integrity to be considered as qualified.

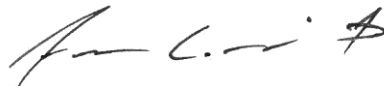
The bill would create a new tax credit for taxpayers whose property is enrolled in a Department of Wildlife and Parks program that provides public access for hunting, fishing, or other uses, and is included in the qualified management activities plan that promote improved habitat. The taxpayer would be allowed a tax credit based on the total property taxes paid and multiplied by the portion of the year they are enrolled in this program. This tax credit program would begin in tax year 2026, would be non-refundable, and any unused tax credits would not be allowed to be carried forward. The bill would delete outdated language dealing with the tax credit that was previously offered to reimburse the costs incurred by the taxpayer for habitat management or construction and maintenance of improvements on real property as a part of a recovery plan or conservation agreement.

The Department of Revenue estimates that HB 2097 would decrease State General Fund revenues by \$100,000 in both FY 2027 and FY 2028. To formulate these estimates, the Department of Revenue reviewed data from the Department of Wildlife and Parks on its program for public access to private lands for hunting and fishing. The Department of Wildlife and Parks has 102,352 acres enrolled in their walk-in hunting programs and estimates that access would be available for 59.0 percent of the year. Based on property tax estimates from the Department of Revenue's Property Valuation Division, the total tax credits allowed would be \$380,000 per year. Since this tax credit is non-refundable and cannot be carried forward, it is expected that one third of this would be allowable against tax liability. This credit would be available beginning in tax year 2026 with the first impact being seen in FY 2027. Since the original fiscal note was issued, the Department of Revenue revised its estimate of the fiscal effect based on current data from the Department of Wildlife and Parks.

The Department of Revenue indicates that the bill would require \$217,891 from the State General Fund in FY 2026 to implement the bill and to modify the automated tax system. The bill would require the Department to hire 1.00 new FTE position to answer questions from taxpayers and to assist with the administration of this program. The Department estimates that ongoing expenses for salaries and wages for the 1.00 FTE position and overhead expenses would total \$72,181 from the State General Fund in FY 2027. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required.

The Department of Wildlife and Parks indicates that the bill would require at least \$350,000 from the State General Fund in FY 2026 to implement the bill. The bill would require the Department to hire at least 5.00 new FTE positions to assist with the administration of this program. The Department estimates that ongoing expenses for salaries and wages for the 5.00 FTE positions and overhead expenses would total \$350,000 from the State General Fund in FY 2027. Additional costs not included in this fiscal note include costs for other staff to review, market, outreach, and implement rules and regulations. Any fiscal effect associated with HB 2097 is not reflected in *The FY 2026 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
Martin DeBoer, Department of Wildlife & Parks