



January 30, 2026

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

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2441 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2441 is respectfully submitted to your committee.

HB 2441 would expand the existing alternative fuels tax credit to include compressed natural gas (CNG) and liquified natural gas (LNG) for qualified vehicles and infrastructure. The bill would only expand the allowed fuel types but would make no changes to the existing caps for claiming the credit.

Estimated State Fiscal Effect			
	FY 2026	FY 2027	FY 2028
Expenditures			
State General Fund	--	\$13,680	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$13,680	--
Revenues			
State General Fund	--	(\$600,000)	(\$1,100,000)
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	(\$600,000)	(\$1,100,000)
FTE Positions	--	--	--

The Department of Revenue estimates that HB 2441 would decrease State General Fund revenues by \$600,000 in FY 2027 and by \$1.1 million in both FY 2028 and FY 2029. To formulate

these estimates, the Department of Revenue reviewed data on a similar income tax credits offered in Oklahoma. Oklahoma's tax expenditure report listed \$4.1 million in tax credits for vehicle conversions and purchases in tax year 2022, and this bill would allow up to 50.0 of similar expenses for Kansas taxpayers. The estimate was reduced by 3.0 percent to account for individuals who claimed Oklahoma credits and an additional 73.0 percent to account for the difference in the number of alternative fuel stations in each state using data from the U.S. Department of Energy. Allowing CNG and LNG vehicles to qualify for this income tax credit is expected to reduce State General Fund receipts by \$500,000 each year.

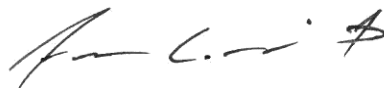
Oklahoma also reported \$3.1 million in tax credits for natural gas fuel infrastructure, with the tax credit amount set at 45.0 percent of expenses, while this bill would allow 40.0 percent. Adjusting for this difference results in an impact of \$2.8 million. This estimate was further reduced by 15.0 percent to account for individuals claiming tax credits and an additional 73.0 percent to account for the difference in the number of alternative fuel stations in each state using data from the U.S. Department of Energy. Allowing CNG and LNG infrastructure to qualify for this income tax is expected to reduce State General Fund receipts by \$600,000 each year.

Together these components would reduce State General Fund revenues by \$1.1 million per tax year. The bill would become effective in tax year 2026 which is partially reflected in FY 2027. Based on the average costs of converting a vehicle to an alternative fuel or installing an alternative fueling station, most uses of this tax credit are not expected to reach their statutory caps based on gross vehicle weight or the cap of \$100,000 per fueling station.

The Department indicates that the bill would require \$13,680 from the State General Fund in FY 2027 to implement the bill and to modify the automated tax system. 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 Kansas Department of Transportation indicates the bill would have no fiscal on the State Highway Fund. Any fiscal effect associated with HB 2441 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish or initial.

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Brendan Yorkey, Department of Transportation