



January 20, 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 2443 by House Committee on Taxation

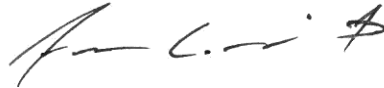
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2443 is respectfully submitted to your committee.

HB 2443 would change the definition of public utility or public utilities for property tax purposes. Any entity owning or operating a natural gas storage facility constructed after January 1, 2026, that is situated within one county and does not cross any state boundary line would not be considered a public utility or public utilities for property tax purposes.

The Department of Revenue indicates HB 2443 would have an unknown impact on state and local property tax revenues. Under current law, public utilities include various entities engaged in specific businesses such as railroads, telegraph and telephone message transmission, natural gas and oil transportation and distribution, electric power generation and distribution, water transmission, and cargo or passenger transportation on navigable waterways. Notably, the definition currently includes businesses primarily engaged in storing natural gas in underground formations. Public utilities are subject to assessment by the state rather than by county appraisers, which could affect how this property is valued and taxed. Under the provisions of the bill, this property would be assessed by the county appraiser. The number and the valuation of properties that would no longer be considered a public utility or public utilities for property tax purposes is unknown. The Department of Revenue indicates the bill would have no fiscal effect on its operations. Any fiscal effect associated with HB 2443 is not reflected in *The FY 2027 Governor's Budget Report*.

The Kansas Association of Counties indicates that the bill has the potential to shift the tax burden to other property classifications and types. The Association indicates the bill has the potential to increase costs for certain county appraisers that would now be required to assess certain property that previously was assessed by the state. Those costs are unknown and could vary across the state.

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  
Gabrielle Hull, Department of Education  
Wendi Stark, League of Kansas Municipalities  
Jay Hall, Kansas Association of Counties