

February 3, 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 2469 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2469 is respectfully submitted to your committee.

Under current law, the income tax credit for qualified railroad track maintenance expenditures is only allowed to be transferred to an eligible customer and eligible vendor of the railroad claiming the income tax credit. HB 2469 would remove this restriction and allow these tax credits to be transferred to any individual or entity, insurance company, or bank or trust company. The bill would also remove the definitions of an eligible customer and eligible vendor.

The Department of Revenue estimates that HB 2469 would have no fiscal effect on State General Fund revenues. This tax credit has a statutory cap to only award \$8,720,000 in tax credits per tax year. These credits are already being awarded, and the bill would only change which taxpayers end up utilizing the tax credit with no impact on the total credits allowed.

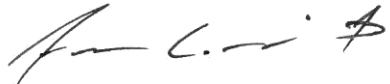
The Department indicates that the bill would require \$2,340 from the State General Fund in FY 2027 to implement the bill and to modify the automated tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue.

The bill would have no fiscal effect on the operations of the Office of the State Bank Commissioner; however, it has the potential to adjust certain assessment rates. The agency's budget is funded from assessments paid through its licensees and chartered institutions. Its assessments are based on the budgetary needs of the applicable division. For state banks and trust companies, the agency assesses a percentage of each entity's total assets that is necessary in order

to regulate these institutions. The percentage of total assets assessed changes each fiscal year in order to ensure the agency's budgetary needs are met. If state banks and trust companies claim this income tax credit, they would have an increase in total assets as a result of paying lower privilege taxes. For each bank and trust company that has an increase in total assets as a result of this bill, its individual assessment amounts would also increase. However, any change in assessments and assessment rate is estimated to be negligible and would be revenue neutral across all state banks and trust companies.

The Kansas Department of Insurance indicates that if insurance companies claim this tax credit, it would reduce insurance premiums taxes collections that are distributed to the State General Fund. The Insurance Department indicates that the costs to implement the bill would be negligible and could be absorbed within existing resources. Any fiscal effect associated with HB 2469 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Jesse Becker, Office of the State Bank Commissioner
Kyle Strathman, Department of Insurance