

February 4, 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 2475 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2475 is respectfully submitted to your committee.

HB 2475 would provide a sales tax exemption for all purchases of tangible personal property and services made by Radical Life Inc., a nonprofit organization operating in and around Lyon County. The organization is exempt from federal income taxation and was established for the purpose of strengthening families and preventing foster care placements.

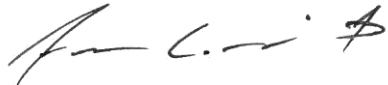
Estimated State Fiscal Effect			
	FY 2026	FY 2027	FY 2028
Expenditures			
State General Fund	--	\$1,340	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$1,340	--
Revenues			
State General Fund	--	(\$3,800)	(\$3,800)
Fee Fund(s)	--	(800)	(800)
Federal Fund	--	--	--
Total Revenues	--	(\$4,600)	(\$4,600)
FTE Positions	--	--	--

The Department of Revenue estimates that HB 2475 would decrease state revenues by \$4,600 in FY 2027. Of that total, State General Fund revenues are estimated to decrease by \$3,800, while State Highway Fund revenues are estimated to decrease by \$800. The Department also estimates that enactment of the bill would decrease local sales tax revenues by \$1,400 annually. The loss of state revenue in future years is expected to remain at or slightly above the \$4,600 amount. According to the Department of Revenue, reissuing sales tax publications and revising forms would cost \$1,340 from the State General Fund in FY 2027.

The Department of Transportation indicates that the bill would reduce State Highway Fund revenues as noted above. Any fiscal effect associated with HB 2475 is not reflected in *The FY 2027 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate the bill would provide a net reduction to local sales tax collections that are used in part to finance local governments. The League of Kansas Municipalities also indicates that the bill has the potential to reduce revenues that are pledged to repay STAR bond projects; however, it is unknown what impact the bill would have on the viability of those projects.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities
Brendan Yorkey, Department of Transportation