

February 4, 2026

The Honorable Nick Hoheisel, Chairperson
House Committee on Financial Institutions and Pensions
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Hoheisel:

SUBJECT: Fiscal Note for HB 2590 by House Committee on Financial Institutions and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2590 is respectfully submitted to your committee.

HB 2590 would enact the Kansas Community Property Trust Act which authorizes the use of community property trusts during a couple's marriage. The bill describes the process of creating a community property trust. "Community property trust" is an arrangement if one or both spouses transfer property to a trust that expressly declares the trust is a Kansas Community Property Trust, has at least one trustee, is signed by both spouses, and contains language regarding possible consequences of the trust and advising independent legal advice. The bill would outline what the agreement establishing a community property trust would contain as well as how property would be transferred to the community property trust. The bill would also describe what would happen to the community property trust in the event of the death of one of the spouses and if the spouses divorce.

HB 2590 would also amend the Kansas Uniform Trust Code by adding a definition for "designated representative." The Code would be amended to allow the terms the instrument that created the trust to expand, restrict, eliminate or otherwise vary any laws of general application to fiduciaries, trusts, and trust administration. The bill would amend certain rules that apply to a trust regarding creditor's claims and the duties of a trustee to inform and report to the beneficiaries about the administration of the trust. The bill would also allow the trustee to exercise discretionary power to reimburse the settlor for the portion of the settlor's income tax liability attributable to the trust under federal law. A "settlor" is defined as a person who creates a trust.

The Office of the State Bank Commissioner regulates and examines trust companies in Kansas. Any community property trusts created under HB 2590 would be reviewed as part of the Office's normal examination schedule. Any costs associated with the examinations would be absorbed into the Office's existing budget. The Department of Credit Unions indicates where account ownership is in a trust very specific items are verified during the Department's examinations. Because the Department already has the review of information in place, any costs associated with the examinations would be absorbed within the Department's existing budget. The Kansas Department of Revenue indicates that under HB 2590, a community property trust would allow married couples to avoid capital gains taxes after one of the spouses dies. Property would be valued at the current market value when the spouse dies, which would allow the property to be sold without any capital gains. This would reduce federal taxable income and have a minimal effect on Kansas tax liability. Moving property into a trust does not qualify a taxpayer for any deduction or credit. Any fiscal effect associated with HB 2590 is not reflected in *The FY 2027 Governor's Budget Report*.

The Kansas Association of Counties indicates that HB 2590 could increase counties costs depending on the work involved for the Register of Deeds concerning the property in the trust. However, the Association is unable to estimate a fiscal effect. The League of Kansas Municipalities indicates that HB 2590 would not have a fiscal effect on cities.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Jesse Becker, Office of the State Bank Commissioner
Julie Murray, Department of Credit Unions
Lynn Robinson, Department of Revenue
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties