

February 12, 2026

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2596 by Representative Sweely

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2596 is respectfully submitted to your committee.

HB 2596 would amend the Prison-Made Goods Act to add a new exemption from the current prohibition on the Secretary of Corrections manufacturing or producing housing units that would compete with manufactured or modular homes. Under current law, the vocational building program is exempt from this prohibition and allows Kansas Correctional Industries (KCI) to produce individual, freestanding buildings no larger than 1,000 square feet for use by state agencies. The bill would add a new exemption allowing KCI to enter into private industry agreements with housing manufacturers for the production and assembly of housing units and their components. Under current law, private industry programs cannot displace workers in the community, and residents employed through private industry partners are required to be paid the prevailing industry wage. These requirements would remain in place under the bill.

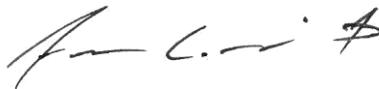
Estimated State Fiscal Effect			
	FY 2026	FY 2027	FY 2028
Expenditures			
State General Fund	--	--	--
Fee Fund(s)	--	\$2,000,000	\$1,725,000
Federal Fund	--	--	--
Total Expenditures	--	\$2,000,000	\$1,725,000

Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	\$1,725,000	\$1,725,000
Federal Fund	--	--	--
Total Revenues	--	\$1,725,000	\$1,725,000
FTE Positions	--	3.00	3.00

The Department of Corrections estimates that enactment of HB 2596 would increase expenditures from the Kansas Correctional Industries Fund by \$2.0 million in FY 2027 and \$1,725,000 in FY 2028 and subsequent fiscal years for the vocational building program. The program would require 3.00 additional supervisor positions at an annual cost of \$225,000 and would employ at least 25 residents at the traditional KCI wage at an annual cost of \$150,000. Materials and supplies are estimated at \$1,625,000 in FY 2027, which includes start-up costs to acquire supplies and equipment, and \$1,350,000 annually thereafter. Revenue from the sale of buildings to state agencies is estimated at \$1,725,000 annually.

The Department also indicates that the expanded private industry provisions would provide additional work opportunities for residents in its custody, but that the fiscal effect of these provisions cannot be estimated at this time. Residents employed through private industry agreements would pay 25.0 percent of their wages back to KCI for room and board and state and federal income taxes, 5.0 percent toward restitution or the Crime Victims Fund, and an additional 10.0 percent to a mandatory savings account that would become available upon release from custody. Any fiscal effect associated with HB 2596 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Jennifer King, Department of Corrections