

February 24, 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 2619 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2619 is respectfully submitted to your committee.

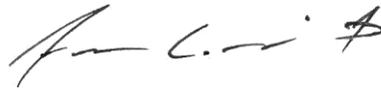
HB 2619 would provide a sales tax exemption on the purchase of manufactured homes, mobile homes, or modular homes by a nonprofit organization providing affordable housing to individuals or families earning no more than 80.0 percent of the area median income, transitional housing, or emergency shelter housing. The sales tax exemption would also be extended to purchases of tangible personal property and services by a contractor with a project exemption certificate for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing, or remodeling facilities used to provide affordable housing by these organizations. The bill would include reporting requirements for contractors and penalties for the use of the sales tax exemption that is determined to not be part of an allowable project, which would be punishable as a misdemeanor.

The Department of Revenue estimates that HB 2619 has the potential to decrease state and local sales tax revenues by unknown amounts beginning in FY 2027. The state funds directly affected by this bill would be the State General Fund and the State Highway Fund. The Department of Revenue reviewed data provided by Wichita Affordable Housing, which indicates that the average sales tax paid on a housing project in the Wichita area is \$4,000; however, the Department does not have data on the average sales tax paid on housing projects in other areas of the state or how many housing projects that would be built statewide using this sales tax exemption to make a precise estimate of the reduction to state and local sales tax revenues. According to the Department of Revenue, reissuing sales tax publications and revising forms would cost \$2,010 from the State General Fund in FY 2027. The Kansas Department of Transportation indicates that the bill would

decrease State Highway Fund revenues as noted above. Any fiscal effect associated with HB 2619 is not reflected in *The FY 2027 Governor's Budget Report*.

The Kansas Association of Counties indicates that enactment of the bill would decrease local sales tax revenues for county governments where the exempted purchases take place. The League of Kansas Municipalities indicates that enactment of the bill would decrease local sales tax revenues used in part to finance city governments. This bill could also decrease revenues that are pledged to repay STAR bond projects; however, the extent to which the bill would affect the viability of those projects cannot be estimated.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

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