

February 20, 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 2714 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2714 is respectfully submitted to your committee.

HB 2714 would reduce the gallonage tax on beer and cereal malt beverage (CMB) that is manufactured and packaged in the United States from \$0.18 per gallon to \$0.06 per gallon. The gallonage tax on beer and CMB that is manufactured and imported from outside the United States would remain at \$0.18 per gallon. The bill would become effective on July 1, 2026.

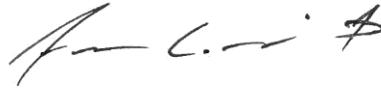
The Department of Revenue estimates that HB 2714 would decrease gallonage tax collections on beer and CMB that are deposited in the State General Fund by unknown amounts beginning in FY 2027. The Department indicates that it collected \$9.6 million from the gallonage tax on beer and CMB in FY 2025; however, the Department does not have data on the portion of this tax collected on products manufactured and packaged within the United States to provide a precise estimate of the reduction.

The Department indicates that implementation of the bill would require expenditures of \$14,000 from the State General Fund in FY 2027. The Department indicates the bill would require system changes and review of all existing beer and CMB labels to determine if the beer is manufactured inside or outside the United States to apply the correct gallonage tax. The Department would add a field to brand registrations for determining if the product is manufactured in the United States or imported; revise monthly gallonage tax returns for microbreweries, manufacturers, and distributors to place beer and CMB filing into two categories, manufactured in the United States and imported into the United States; and research the approximately 8,500 beer

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and CMB products registered with the Department's Alcohol Beverage Control. Any fiscal effect associated with HB 2714 is not reflected in *The FY 2027 Governor's Budget Report*.

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