

March 2, 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 2783 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2783 is respectfully submitted to your committee.

HB 2783 would increase the state tax rate from \$0.05 to \$0.15 per milliliter of consumable material to for electronic cigarettes and a proportionate tax at the like rate on all fractional parts thereof. The bill would direct the State Treasurer to deposit and credit \$0.10 of each milliliter of consumable material to for electronic cigarettes and a proportionate tax at the like rate on all fractional parts thereof, collected or received from taxes imposed pursuant to KSA 79-3399, and amendments thereto, to the Children's Initiative Fund.

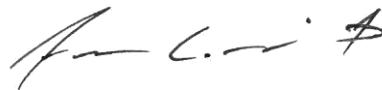
The Kansas Office of Early Childhood reports that the Office does not yet have the means to estimate the increased revenue, but the revenue would create additional financial sustainability and benefit early childhood programs under the agency's jurisdiction. The bill would credit the revenue to the Children's Initiatives Fund (CIF), rather than the Kansas Endowment for Youth (KEY) Fund. The Office notes that depositing the new revenue in the KEY Fund would better align with current practice regarding the allocation of funding for children's programs. The Kansas State Department of Education, where the Children's Cabinet is currently housed, states enactment of the bill would not have a fiscal effect on the agency. The bill would increase revenue for the CIF for early childhood programs, but the agency is not able to estimate the potential impact.

According to the Kansas Department of Revenue, enactment of HB 2783 would result in revenue of \$7.12 million credited to the CIF each fiscal year. This estimate was based on a five-year average of \$3.56 million collected at the current rate on consumable material for electronic cigarettes. The agency anticipates administrative costs of \$7,028 to implement the bill's

provisions. This would include \$3,028 for tax operations and \$4,000 for 80 hours of IT E-Commerce work.

The Kansas State Treasurer's Office reports the bill would require the Office to modify accounting procedures, but any additional workload would be handled within existing resources. Any fiscal effect associated with HB 2783 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt". The signature is fluid and cursive, with a distinct flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Gabrielle Hull, Department of Education
Christi Smith, Office of Early Childhood
John Hedges, Office of the State Treasurer
Lynn Robinson, Department of Revenue