

February 3, 2026

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
300 SW 10th Avenue, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 378 by Senator Corson

In accordance with KSA 75-3715a, the following fiscal note concerning SB 378 is respectfully submitted to your committee.

SB 378 would provide a one-time, non-refundable vehicle registration property tax credit of up to \$250 for each eligible vehicle. The credit would be applied against the property tax levied on the vehicle at the time of registration, registration renewal, or payment of personal property taxes. The credit would be available from July 1, 2026, through June 30, 2027. Each vehicle would only be eligible for one credit during FY 2027 and any refunds of taxes to taxpayers due to a change in residency or transfer of the title would not include the amounts paid by the credit. The vehicle registration property tax credit would apply toward any bus, motorcycle, passenger vehicle, recreational vehicle, trailer, and truck.

On or before the 10th day of each month, the county treasurer would notify and provide documentation to the Secretary of Revenue of the aggregate amounts of credits applied to vehicle registrations for the previous month. The Secretary of Revenue would certify the amount of monies attributable to those credits and transmit a copy of the certification to the Director of Accounts and Reports at the Department of Administration, the Director of Legislative Research, and the Director of the Budget. Upon receipt of the certification, the Director of Accounts and Reports would transfer the certified amount from the Budget Stabilization Fund to the Vehicle Registration Property Tax Credit Fund that is created by the bill and would be administered by the Department of Revenue. All expenditures from the Vehicle Registration Property Tax Credit Fund would be used to fund the vehicle registration property tax credit. The bill would take effect upon publication in the *Kansas Register*.

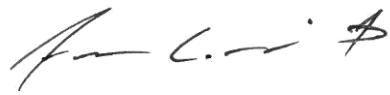
The Department of Revenue estimates that SB 378 would provide a transfer of \$313,411,799 from the Budget Stabilization Fund to the Vehicle Registration Property Tax Credit

Fund in FY 2027. Expenditures in the Department of Revenue's budget from the Vehicle Registration Property Tax Credit Fund would also increase by \$313,411,799 in FY 2027 that would be used to reimburse each county treasurer for the costs of providing the vehicle property tax credit. To formulate these estimates, the Department of Revenue reviewed data on vehicle registration taking into account those who pay less than \$250 in vehicle property taxes. The Department estimates that 3,091,701 vehicles would qualify for this tax credit. The Department assumes that there would be a 2.0 percent increase in property taxes in FY 2027 compared to current year registrations.

The Department indicates that the bill would require \$35,000 from the State General Fund in FY 2027 to implement the bill and to modify the motor vehicle registration system and other computer systems. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with SB 378 is not reflected in *The FY 2027 Governor's Budget Report*.

The Kansas Association of Counties indicates that the bill would require additional computer programming and testing costs to apply the property tax credit amount to each eligible registration. Those costs are unknown and would likely vary by county and outside contract programmer services could be needed to meet the July 1, 2026, deadline. Counties would likely receive more timely vehicle registration renewals under the provisions of the bill; however, each county would be required to provide the credit amount to be applied to each vehicle registration at the time of registration which would be reimbursed by the state in the next month. This could create cashflow issues in May if tax payments do not line up properly with rebates and the April reimbursement has not been received from the state. The bill has the potential to reduce interest earnings by unknown amounts for counties as a portion of their idle general fund balance would be committed towards property tax credits and not earning interest.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Brendan Yorkey, Department of Transportation
Jay Hall, Kansas Association of Counties