

March 13, 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 534 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 534 is respectfully submitted to your committee.

SB 534 would implement two new excise taxes by imposing a nameplate capacity tax and a production tax on certain wind farms and solar facilities beginning in tax year 2027. For the privilege of constructing and operating a renewable energy facility for commercial purposes in the state, any company owning, controlling, managing, or leasing any real or personal property used or intended for use as a wind farm or a solar facility would pay an annual tax equal to \$4 per kilowatt multiplied by the nameplate capacity of the renewable energy facility. The bill would include provisions that allow for the tax to be prorated for the months that a new or decommissioned renewable energy facility is operating. The bill would define “nameplate capacity” as the number of kilowatts a renewable energy facility can produce, as assigned to the power units in the renewable energy facility by the manufacturer and determined by the Secretary of Revenue. The bill would define a “renewable energy facility” as any wind farm or solar facility. The bill also would include definitions of “collector system,” “company,” “solar facility,” and “wind farm.”

Any company owning, controlling, managing, or leasing any real or personal property used or intended for use as a wind farm or a solar facility would pay an annual tax equal to \$0.001 per kilowatt hour of electricity produced by the renewable energy facility during the calendar year. Payments for each excise tax would be due to the Director of Taxation at the Department of Revenue on or before February 1st of the following year. The Department of Revenue would have the authority to adopt rules and regulations for the efficient and effective administration, enforcement, and collection for each of the excise taxes.

The Department of Revenue would deposit the entire amount from both excise taxes to the State Treasurer’s Property Tax Relief Fund which is created by the bill. All money in the Property Tax Relief Fund would be transferred to the State School District Finance Fund on or before the 15th day of each month and would be used to backfill the reduction of property tax revenues collected from the statewide school finance property tax levy. The bill would reduce the statewide school finance property tax levy to 19.5 mills for school years 2027-2028 and 2028-2029. The bill would have the effect of shifting a portion of the school funding burden from property taxpayers onto commercial renewable energy facilities.

The Department of Revenue estimates that SB 534 would have the following fiscal effect:

<u>School Funding changes</u>	<u>FY 2028</u>	<u>FY 2029</u>
School Property Tax Revenue	(\$25,070,000)	(\$26,350,000)
Nameplate Capacity	37,200,000	39,060,000
Kilowatt Hour Produced	<u>32,590,000</u>	<u>34,220,000</u>
Total School Funding Impact	\$44,720,000	\$46,930,000

The bill would reduce property taxes collected from the statewide school finance property tax levy by \$25,070,000 in FY 2028 and by \$26,350,000 in FY 2029. The bill would transfer a total of \$69,790,000 to the Property Tax Reduction Fund in FY 2027 and \$73,280,000 in FY 2028 that would ultimately be transferred to the State School District Finance Fund. The bill would provide additional net funding to State School District Finance Fund of \$44,720,000 in FY 2028 and \$46,930,000 in FY 2029. It is assumed that this would allow for a reduction in the appropriation for State Foundation Aid from the State General Fund to keep the Base Aid for Student Excellence (BASE) in the school finance formula at \$5,943 for FY 2028, as included in *The FY 2027 Governor’s Budget Report*.

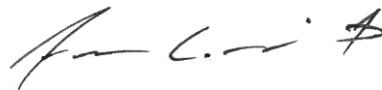
To formulate these estimates, the Department of Revenue reviewed property tax information from its Property Valuation Division, and made many assumptions to calculate the amount of excise tax collection by reviewing information from the U.S. Energy Information Administration. The Department estimates that Kansas wind farm capacity is 9,000 megawatts and solar facility capacity is 300 megawatts. The Department assumes 5.0 percent annual growth in renewable energy production and these facilities are at 40.0 percent efficiency for production.

The Department indicates that the enactment of the bill would require \$869,193 from the State General Fund in FY 2027 to implement the bill and to modify the automated tax system. The bill would require the Department to hire 4.00 new FTE positions to answer questions from taxpayers and to review, process, and audit excise tax collections. The Department estimates that ongoing expenses for salaries and wages for the 4.00 FTE positions and overhead expenses would total \$369,913 from the State General Fund in FY 2028. 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.

The State Treasurer indicates the enactment of the bill would require it to make minor changes to accounting procedures. Any additional workload associated with the bill is estimated to be negligible and could be absorbed within existing resources. Any fiscal effect associated with SB 534 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 large initial "A" and a stylized "P" at the end.

Adam C. Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Gabrielle Hull, Department of Education  
Lynn Retz, Kansas Corporation Commission  
John Hedges, Office of the State Treasurer