

**UPDATED**  
*SESSION OF 2026*

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2406**

As Amended by House Committee on Taxation

**Brief\***

HB 2406, as amended, would exempt commercial and industrial, telecommunications, and railroad machinery and equipment from all property taxation when such machinery and equipment property was acquired or transferred into the state on or before June 30, 2006.

[*Note:* Continuing law exempts commercial and industrial, telecommunications, and railroad machinery and equipment acquired or transferred into the state after June 30, 2006.]

The bill would also make technical and conforming changes to continuing law.

**Background**

The bill was introduced by the House Committee on Taxation at the request of Representative A. Smith.

***House Committee on Taxation***

In the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas Association of Counties, Kansas Chamber, and Kansas County Appraisers Association. The proponents generally stated the bill would eliminate the inequitable taxation of similar property based

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

solely on the date of acquisition while reducing administrative costs for businesses and local governments associated with such taxation.

Written-only **neutral** testimony was provided by a representative of the Kansas League of Municipalities.

No other testimony was provided.

The House Committee amended the bill to:

- Include telecommunications and railroad machinery and equipment among the property for which the exemption would apply; and
- Make technical and conforming changes to continuing law.

### **Fiscal Information**

According to the Department of Revenue, enactment of the bill, as amended, would decrease state property tax revenues collected through the statewide uniform school finance mill levy by \$7.8 million in FY 2028, \$7.4 million in FY 2029, \$7.1 million in FY 2030, \$6.7 million in FY 2031, and \$6.4 million in FY 2032. The decrease in state revenue used for school finance would require an offsetting appropriation from the State General Fund to maintain school finance funding levels.

Any fiscal effect associated with the bill is not reflected in *The FY 2027 Governor's Budget Report*.

Taxation; property tax; exemptions; machinery and equipment