

SESSION OF 2024

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE
BILL NO. 2609**

As Recommended by House Committee on
Taxation

Brief*

Sub. for HB 2609 would make changes to property tax exemptions for certain electric generation property.

The bill would exempt the following property, as defined by the bill, from all property and ad valorem taxes:

- Any new electric generation facility, including nuclear energy facilities, for which construction begins on or after January 1, 2025;
- Any new addition to an electric generation facility constructed or installed on or after January 1, 2025; and
- Any new pollution-control device constructed or installed at an electric generation facility on or after January 1, 2025.

The new exemption would not apply to electric generation facilities that convert renewable energy sources to electricity and would apply for ten taxable years following the commencement of construction or installation of the property. [Note: Such facilities would continue to be eligible for property tax exemptions under existing law.]

The bill would also specify that existing property and ad valorem tax exemptions for electric generation facilities and

*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 <http://www.kslegislature.org>

additions to such facilities, including pollution-control devices, would only apply to property for which an application for exemption is filed prior to December 31, 2024.

Background

The bill was introduced by the House Committee on Taxation at the request of a representative of Midwest Energy, Inc.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by Representative Schreiber and representatives of Evergy, Kansas Electric Cooperatives, and Midwest Energy, Inc. The proponents generally stated estimated electrical power demand is greater than the estimated supply in future years, that Kansas needs more independent power producers to install and operate peak load generation plants, and that the bill would remove a disadvantage such facilities have in comparison with electric generation facilities owned by public utilities.

No other testimony was provided.

The House Committee amended the bill to provide for uniform exemption durations for electric generation facility property and sunset new applications for existing exemptions beginning tax year 2025, and recommended a substitute bill be passed incorporating the amendments.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue (Department) indicates there are currently no peak load plants in Kansas exempt from taxation, and so enactment of the bill would not have an effect on current

revenues; however, potential future revenues could be reduced by an unknown amount if peak load plants were to be built in the future. The Department and the Kansas Corporation Commission both indicate enactment of the bill would have no fiscal effect on their operations. Any fiscal effect associated with the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Taxation; property tax; exemptions; electric power generation