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To: All County Appraisers, County Clerks, County Commissioners, County Treasurers, and County Registers of Deeds

From: Bob Kent, Director, Division of Property Valuation

Date: June 16, 2026

RE: 2026 Legislative Summary

There were a few changes made to Kansas property tax law during the 2026 legislative session. This summary highlights the property tax provisions going into effect after publication in the Kansas Register or on and after publication in the statute book (July 1, 2026).

Property Tax Changes

House Bills 2440, 2596, 2644, and 2737 are addressed in this year's summary. The following is a topical index and who would likely be most impacted by the property tax changes from this year's legislative session. The second section will go into more detail for each of the listed bills that passed.

1. **House Bill 2440** - Low production oil leases will not be required to apply for exemption with the state board of tax appeals (BOTA). – County Appraisers and the BOTA

2. **House Bill 2596** - No exemptions can be requested for manufactured and modular homes produced by the pilot program at the Hutchinson correctional facility. – Primarily Reno County Appraiser.

3. **House Bill 2644** - Expands requirements for county appraisers when raising values for properties with a valuation reduced through the appeals process. – County Appraiser.

4. **House Bill 2737** - Enacting the Taxpayer Agreement Act – An alternative financing for redevelopment project as provided in tax increment financing (TIF) law. – County Clerks, and Treasurers.

Property Tax Change Details

1. **HB 2440 – Low production oil leases will not be required to apply for exemption with the state board of tax appeals (BOTA).**

   House Bill 2440 amends K.S.A. 2025 Supp. 79-213 by adding property exempt in K.S.A. 79-201t (low production oil lease) to the list of property that does <u>not</u> need to apply to the State Board of Tax Appeals (BOTA) for exemption. This exemption includes all oil leases with the average daily production of three barrels or less, or five barrels or less for wells with a completion depth of 2,000 feet or more. Owners that would qualify for this exemption will no longer be required to file an application with BOTA, allowing the county appraiser to make this decision. This becomes law from and after July 1, 2026.

2. **HB 2596 – No exemption can be requested for manufactured and modular homes produced by the pilot program at the Hutchinson correctional facility.**

   House Bill 2596, amending K.S.A. 75-5275a creates a limited exception to the Prison-made-Goods Act of Kansas to authorize the Secretary of Corrections (secretary) to establish a pilot program at the Hutchinson Correctional Facility (HCF) to enter into contracts for production of manufactured or modular homes.

   Under existing law, the secretary of corrections is generally prohibited from operating a home building program that would compete with the manufactured and modular home industry. This bill allows a new exception for a pilot program at Hutchinson that will expire on December 31, 2031.

   This bill has several provisions to protect against unfair competition and ensure the program does not subsidize private contractors at public expense. One such provision touches on property valuation. <u>If the contracting party is a nonprofit organization, it must agree **not** to seek property tax exemption on any housing units it retains or owns and must pay property taxes on such units.</u> This goes into effect after publication in the *Kansas Register*.

3. **HB 2644 – Expands requirements for county appraisers when raising values for properties with a valuation reduced through the appeals process.**

   Prior to the passage of House Bill 2644, K.S.A. 2025 Supp. 79-1460 imposed limited restrictions on increases in appraised value following a successful valuation appeal. Specifically, when commercial real property received a reduction in value through the appeals process, the county appraiser was required to monitor that property for the next two taxable years. If the appraised value increased by more than 5% from one year to the next, excluding new construction, change in use, or change in classification, the appraiser was required to either adjust the value based on information presented in the prior appeal or obtain an independent fee simple appraisal. This statutory requirement applied only to commercial real property and did not apply to residential real property or personal property manufactured homes.

   House Bill 2644 amends K.S.A. 2025 Supp. 79-1460 in two substantial ways when a final determination of value is rendered on and after January 1, 2026.

First, it expands the review period from two years to five years following the taxable year that a final determination of value was reduced through the appeals process. During each of those five years, if the appraised value increases by more than 5% over the prior year's valuation, excluding new construction, change in use, or change in classification, the county appraiser only has two options. The county appraiser must either adjust the value based on information provided from the previous appeal or obtain an independent fee simple appraisal performed by a Kansas certified real property appraiser.

Second, it now applies this review process to residential real property, and personal property manufactured homes used for residential purposes in addition to commercial real property.

This becomes law from and after July 1, 2026, with specific actions required prior to and after January 1, 2026.

4. HB 2737 – Enacting the Taxpayer Agreement Act – An alternative financing for redevelopment project as provided in tax increment financing law.

This discussion is only meant to make county clerks and county treasurers aware of the new financing alternative for cities eligible for tax increment financing.

House Bill 2737 establishes the Taxpayer Agreement Act as an alternative financing mechanism for tax increment financing (TIF) projects. It allows cities to enter into voluntary binding agreements with property owners or developers within TIF or redevelopment districts to help fund economic development projects.

The bill authorizes cities to act as conduit bond issuers, meaning they can issue bonds backed solely by taxpayer agreement payments, pledged tax increment revenues, or private security. These bonds do not constitute general obligations of the city or state and impose no direct financial burden on the city beyond passing along pledged payments. This becomes law from and after July 1, 2026.