

HOUSE BILL No. 2846

By Committee on Taxation

Requested by Representative Buehler

4-5

1 AN ACT concerning income taxation; relating to credits; providing an
2 income tax credit for contributions to a child care provider or
3 intermediary.
4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. (a) The provisions of this section shall be known and may
7 be cited as the child care contribution tax credit act.

8 (b) For taxable year 2025, and all tax years thereafter, there shall be
9 allowed a credit against the tax liability imposed under the Kansas income
10 tax act for the tax year that a verified contribution was made in an amount
11 equal to 75% of the verified contributions to a child care provider or
12 intermediary. The amount of such credit awarded under this section for
13 each taxpayer shall not exceed \$200,000 per tax year. In no event shall the
14 total amount of credits allowed under this section exceed \$20,000,000 for
15 each tax year. Any unused credit amounts may be carried forward for up to
16 six taxable years immediately following the taxable year for which the
17 credits were allowed.

18 (c) (1) The child care provider or intermediary shall apply to the
19 department of revenue to participate in the program established in this
20 section using a form prescribed by the department. The department shall
21 determine eligibility. Only contributions to a child care provider and
22 intermediary that have entered into an agreement with the department may
23 receive a tax credit pursuant to this section.

24 (2) The child care provider or intermediary receiving a contribution
25 shall, within 60 days of the date of receiving the contribution, file a
26 contribution verification with the department and issue a copy of the
27 contribution verification to the taxpayer. The contribution verification shall
28 be in the form established by the department and shall include the
29 taxpayer's name, taxpayer's state or federal tax identification number or
30 last four digits of the taxpayer's social security number, amount of tax
31 credit sought, amount or description of contribution, legal name and
32 address of the child care provider or intermediary receiving the
33 contribution, the child care provider's or intermediary's federal employer
34 identification number, the child care provider's license number, the date
35 that the child care provider or intermediary received the contribution from

1 the taxpayer and any other information requested by the department. The
2 contribution verification shall include a signed attestation stating, in the
3 case of a child care provider, that the child care provider will use the
4 contribution solely to promote child care and, in the case of an
5 intermediary, that the intermediary will distribute the contribution and any
6 income thereon in full to one or more child care providers within two years
7 of receipt of the contribution.

8 (3) The failure of the child care provider or intermediary to timely
9 issue the contribution verification to the taxpayer or file the contribution
10 verification with the department shall entitle the taxpayer to a refund of the
11 contribution from the child care provider or intermediary.

12 (d) A contribution, whether received from the taxpayer claiming the
13 tax credit pursuant to this section or from an intermediary, is eligible
14 when:

15 (1) The contribution is used directly by a child care provider to
16 promote child care for children 12 years of age or younger, including by
17 acquiring or improving child care facilities, equipment or services, staff
18 salaries, staff training or improving the quality of child care;

19 (2) the contribution, if made to an intermediary, is distributed in full
20 by the intermediary within two years of receipt to one or more child care
21 providers for the sole purpose of promoting child care for children 12
22 years of age or younger;

23 (3) the contribution is made to a child care provider or intermediary
24 in which the taxpayer or a person related to the taxpayer does not have a
25 direct financial interest;

26 (4) the contribution made to an intermediary is not designated for a
27 child care provider in which the taxpayer or a person related to the
28 taxpayer has a direct financial interest; and

29 (5) the contribution is not made in exchange for care of a child or
30 children, unless the contribution is made by an employer in purchasing
31 child care for the children of the employer's employees.

32 (e) A child care provider or intermediary that uses the contribution
33 for an ineligible purpose shall repay to the department the value of the tax
34 credit for the contribution amount used for an ineligible purpose. An
35 intermediary that accepts a contribution and issues a taxpayer a
36 contribution verification is permanently ineligible to claim or redeem a tax
37 credit pursuant to this section.

38 (f) As used in this section:

39 (1) "Child care provider" means a person operating a child care
40 facility as defined in K.S.A. 65-503, and amendments thereto.

41 (2) "Intermediary" means a nonprofit organization that distributes
42 funds for the purposes of supporting a child care provider.

43 (3) "Person" means the same as defined in K.S.A. 65-503, and

1 amendments thereto.

2 (4) "Person related to the taxpayer" means an individual connected to
3 the taxpayer by blood, adoption or marriage, or an individual, corporation,
4 partnership, limited liability company, trust or association controlled by, or
5 under the control of, the taxpayer directly or through an individual,
6 corporation, limited liability company, partnership, trust or association
7 under the control of the taxpayer.

8 Sec. 2. This act shall take effect and be in force from and after its
9 publication in the statute book.