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MEMORANDUM

To: House Committee on K-12 Education Budget
From: Office of Revisor of Statutes
Date: January 25, 2023
Subject: Bill Brief – House Bill 2048

House Bill 2048 would amend statutes relating to the tax credit for low income students scholarship program. Generally, the program provides scholarships to eligible students to attend a qualified private school. To be a qualified private school, the school must be accredited and provide education to elementary or secondary students. Scholarships are provided to students by scholarship granting organizations which must comply with certain requirements under the program. A taxpayer who contributes to a scholarship granting organization for the purpose of the program is eligible to receive a tax credit for such contribution.

Section 1 - Student Eligibility Amendments to K.S.A. 72-4352

Currently, to receive a scholarship under the program, an eligible student must reside in Kansas, be eligible for free or reduced-price meals under the national school lunch act, and meet one of the following criteria:

1. The student was enrolled in a public school in grades K-8 in the prior school year; or
2. the student is seven years of age or younger when the scholarship is first sought; or
3. the student has previously received a scholarship under the program and has not graduated from high school or reached the age of 21 years.

HB 2048 would amend the definition of an eligible student to expand the program's student eligibility criteria. Under HB 2048, an eligible student may include a student who resides in Kansas, has not graduated from high school or reached the age of 21 years, and meets one of the following criteria:

1. Has an annual family income that is 250% or less of the federal poverty guidelines and:
 - A. Was enrolled in public school in grades K-12 in the prior school year; or
 - B. Is seven years of age or younger when the scholarship is first sought; or
 - C. Is enrolling in K-12 education in the state for the first time.
2. Has been in foster care or placed in a kinship care placement at any time prior to graduation from high school or the age of 21 years;
3. Has a parent who is on active duty with any branch of the armed forces of the U.S. or who was killed in the line of duty;
4. Has a parent who is an emergency medical services provider, firefighter or law enforcement officer as such terms are defined in K.S.A. 75-4364.

An "emergency medical services provider" means an emergency medical responder, advanced emergency medical technician, emergency medical technician or paramedic certified by the emergency medical services board.

A "firefighter" means a person who is employed as a firefighter by a political subdivision of the state or a volunteer member of a fire district, fire department or fire company.

A "law enforcement officer" means a person who by virtue of office or public employment is vested by law with a duty to maintain public order or to make arrests for violation of the laws of the state of Kansas or ordinances of any municipality thereof or with a duty to maintain or assert custody or supervision over persons accused or convicted of crime, and includes wardens, superintendents, directors, security personnel, officers and employees of adult and juvenile correctional institutions, jails or other institutions or facilities for the detention of persons accused or convicted of crime.

Section 2 – Amendment to K.S.A. 72-4353

Currently, prior to the awarding of a scholarship, the state board of education is required to provide written verification to a scholarship granting organization that a student is an eligible student under the program.

HB 2048 would require the state board of education to provide such written notification not later than 30 days after a scholarship granting organization requests such verification from the state board.

Section 3 – Tax Credit Amendments to K.S.A. 72-4357

Currently, a taxpayer who contributes to a scholarship granting organization pursuant to the program is eligible to receive a 70% tax credit on the contributor's individual or corporate income tax, privilege tax imposed on a banking institution, or the premium tax and privilege fees imposed on an insurance company. Contributions from a single taxpayer are capped at \$500,000 and the total aggregate amount of credits awarded pursuant to the program is capped at \$10.0 million.

HB 2048 would increase the amount of the tax credit to a 100% credit for contributions made to a scholarship granting organization. This would be effective for contributions made in tax year 2023 and each tax year thereafter. HB 2048 would maintain the \$500,000 cap on a single taxpayer's contributions for the purpose of the tax credit.

HB 2048 would provide a mechanism to increase the total amount of credits that can be awarded pursuant to the program. The \$10 million aggregate cap would be maintained, but if the amount of credits awarded in any tax year exceeds 80% of such aggregate cap, HB 2048 would require the secretary of revenue to increase such aggregate cap by 20%. The aggregate cap would continue to bump up in this fashion until the cap reaches \$20.0 million, at which point the aggregate cap would be maintained at such amount.

HB 2048 would take effect on July 1, 2023.