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MEMORANDUM

To: Chairperson Estes
Members of the House Committee on Education

From: The Office of Revisor of Statutes

Date: March 10, 2025

Subject: SB 87 – Expanding student eligibility under the tax credit for low-income students scholarship program and providing for aggregate tax credit limit increases under certain conditions.

Senate Bill No. 87 (SB 87) amends the Tax Credit for Low Income Students Scholarship Program Act. The amendments expand the eligibility criteria for students to participate and increase the aggregate annual limit on such tax credits. Under current law, to be eligible to participate a student must be entering kindergarten or be eligible to be enrolled in kindergarten or grades 1-8 and have an annual family income that is less than or equal to 250% of the federal poverty level. Students who have already received a scholarship under the program continue to be eligible regardless of their grade level.

SB 87 maintains the low-income eligibility criteria for students wishing to participate and receive a scholarship under the program. The bill would add the following eligibility criteria for students who do not satisfy the low-income requirements:

- Any student placed in foster care or kinship care at any time prior to graduation or reaching age 21;
- Any student with a parent on active duty in the military or who was killed in the line of duty; and
- Any student with a parent who is an emergency medical service provider, firefighter, or law enforcement officer.

SB 87 increases the annual aggregate limit on tax credits allowed under the program from \$10 million to \$15 million. The bill provides for this amount to increase by 25% in the next tax year if the aggregate amount of tax credits in the current tax year exceeds 75% of the annual

limit. This potential increase would continue to apply in future tax years as well. However, SB 87 ultimately limits the aggregate annual tax credits allowed to \$25 million.

The Senate Committee on Education amended SB 87 to increase both the current aggregate annual tax credit limit and the maximum limit on the automatic increases to the amounts currently in the bill. The Senate Committee of the Whole amended the bill to strike the proposed increase in the individual tax credit amount to 100% of the amount contributed. Under SB 87 it remains at 75%.

SB 87 passed the Senate on a final action vote of 24-16.

If enacted, SB 87 would become effective on July 1, 2025.