

February 6, 2025

The Honorable Renee Erickson, Chairperson
Senate Committee on Education
300 SW 10th Avenue, Room 144-S
Topeka, Kansas 66612

Dear Senator Erickson:

SUBJECT: Fiscal Note for SB 87 by Senate Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning SB 87 is respectfully submitted to your committee.

SB 87 would make changes to the Tax Credit for Low Income Student Scholarship Program (TCLISSP). The bill would amend the definition of an “eligible student” that would state that the student could not have already graduated from high school and has not reached the age of 21. The bill would allow a student to participate in this scholarship program if the student has been in foster care or placed in a kinship care placement at any time prior to graduation from high school, or reaching the age of 21. A student would also be eligible if the student has a parent who is active duty with any branch of the U.S. armed forces or who was killed in the line of duty. The bill would also require the State Board of Education to provide a written notice to a scholarship granting organization (SGO) that a student is eligible within 45 days after a request has been made.

The bill would increase the tax credit, beginning in tax year 2025, for contributions made to a SGO from 75.0 percent to 100.0 percent. However, the maximum tax credit for each taxpayer would remain at \$500,000 for any tax year. The Secretary of Revenue would determine that if the total amount of tax credits claimed would exceed 75.0 percent of the total tax credits available in any tax year, the aggregate limit would be increased by 25.0 percent for the succeeding tax year. However, the aggregate limit could not exceed \$20.0 million. Under current law, the maximum annual tax credits allowed for the program cannot exceed \$10.0 million for any tax year. The bill would take effect upon publication in the *Kansas Register*.

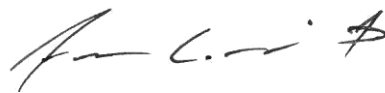
The Department of Revenue estimates that SB 87 would not have a fiscal effect until tax year 2026 or FY 2027. The Department estimates the bill will reduce State General Fund revenues

by \$2.5 million in FY 2027, \$5.6 million in FY 2028, \$9.5 million in FY 2029, and \$10.0 million in FY 2030. The Department of Revenue estimates that the bill would likely increase the amount of contributions to SGOs because the allowable deduction of the SGO contribution increases from 75.0 percent to 100.0 percent. The Department of Revenue estimates the increase of tax credit claims likely would trigger the statewide tax credit cap increase by 25.0 percent in tax years 2026, 2027, and 2028 before reaching the maximum credit amount in tax year 2029. As a result, if all \$10.0 million of tax credits are claimed in tax year 2025 or FY 2026, then the cap would increase to \$12.5 million in FY 2027, \$15.6 million in FY 2028, \$19.5 million in FY 2029, before reaching the maximum tax credit amount of \$20.0 million in FY 2030. For reference, the Department of Education's "Tax Credit for Low Income Students Scholarship Program—January 2025 Report to the Legislature" reports that in tax year 2024, there were \$7,839,995 in contributions to SGOs with \$5,504,239 in tax credits claimed.

For administrative costs, the Department of Revenue estimates that the bill would require \$1,450 from the State General Fund in FY 2026 to implement the bill and to modify the automated tax system.

The Department of Education indicates that the number of additional students that would choose to apply for a scholarship with the new eligibility requirements cannot be estimated. The agency notes that it would have to work with the Department for Children and Families to confirm eligibility for students in foster care or kinship placements and the U.S. Department of Veterans Affairs to confirm eligibility for students with an active-duty parents or a parent that has died in the line of duty. The Department of Education would not be able to confirm eligibility for these students without coordination with these agencies. Any fiscal effect associated with SB 87 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish or symbol.

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Gabrielle Hull, Department of Education