

HOUSE BILL No. 2680

By Committee on K-12 Education Budget

Requested by Representative Steele on behalf of Linda Highland

2-4

1 AN ACT concerning education; relating to the tax credit for low income
2 students scholarship program; renaming such program the Kansas K-12
3 students scholarship program; expanding eligibility for scholarships
4 under such program; providing for program administration by the state
5 treasurer; increasing the aggregate tax credit limit of such program;
6 amending K.S.A. 72-4351, 72-4353, 72-4355 and 72-4356 and K.S.A.
7 2025 Supp. 72-4352, 72-4354 and 72-4357 and repealing the existing
8 sections.
9

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

11 Section 1. K.S.A. 72-4351 is hereby amended to read as follows: 72-
12 4351. The provisions of K.S.A. 72-4351 through 72-4357, and
13 amendments thereto, shall be known and may be cited as the ~~tax credit for~~
14 ~~low income~~ Kansas K-12 students scholarship program act.

15 Sec. 2. K.S.A. 2025 Supp. 72-4352 is hereby amended to read as
16 follows: 72-4352. As used in the ~~tax credit for low income~~ Kansas K-12
17 students scholarship program act:

18 (a) "Contributions" means monetary gifts or donations and in-kind
19 contributions, gifts or donations that have an established market value.

20 (b) "Department" means the Kansas department of revenue.

21 (c) "Educational scholarship" means an amount not to exceed \$8,000
22 per school year provided to an eligible student, or to a qualified school
23 with respect to an eligible student, to cover all or a portion of the costs of
24 education including tuition, fees and expenses of a qualified school and, if
25 applicable, the costs of transportation to a qualified school if provided by
26 such qualified school.

27 (d) "Eligible student" means a child who:

28 (1) (A) Resides in Kansas; and

29 (2) (A) (i) ~~Has an annual family income that is less than or equal to~~
30 ~~250% of the federal poverty guidelines as determined annually in the~~
31 ~~federal register by the United States department of health and human~~
32 ~~services under 42 U.S.C. § 9902(2); and~~

33 (ii) (A) ~~was enrolled in kindergarten or any of the grades one through~~
34 ~~eight in any public school in the previous school year in which an~~
35 ~~educational scholarship is first sought for the child; or (B) has been~~

1 *identified by a scholarship granting organization as a student with a*
2 *financial need; and*

3 (B)(C) is eligible to be enrolled in any public school in the school
4 year in which an educational scholarship is first sought for the child ~~and the child is seven years of age or under~~; or

6 (B)(2) has received an educational scholarship under the program and
7 has not graduated from high school or reached the age of 21 years.

8 (e) "Parent" includes a guardian, custodian or other person with
9 authority to act on behalf of the child.

10 (f) "Program" means the ~~tax credit for low income~~ *Kansas K-12*
11 students scholarship program established in K.S.A. 72-4351 through 72-
12 4357, and amendments thereto.

13 (g) "Public school" means any school operated by a unified school
14 district under the laws of this state.

15 (h) "Qualified school" means any nonpublic school that:

16 (1) Provides education to elementary or secondary students;

17 (2) is accredited by the state board or a national or regional
18 accrediting agency ~~that is recognized by the state board for the purpose of~~
19 ~~satisfying the teaching performance assessment for professional licensure~~
20 or is working in good faith toward such accreditation;

21 (3) has notified the ~~state board~~ *treasurer* of its intention to participate
22 in the program; and

23 (4) complies with the requirements of the program.

24 (i) "Scholarship granting organization" means an organization that
25 complies with the requirements of this program and provides educational
26 scholarships to eligible students or to qualified schools in which parents
27 have enrolled eligible students.

28 (j) "School district" or "district" means any unified school district
29 organized and operating under the laws of this state.

30 (k) "School year" means the same as in K.S.A. 72-5132, and
31 amendments thereto.

32 (l) "Secretary" means the secretary of revenue.

33 (m) "State board" means the state board of education.

34 Sec. 3. K.S.A. 72-4353 is hereby amended to read as follows: 72-
35 4353. (a) There is hereby established the ~~tax credit for low income~~ *Kansas*
36 *K-12* students scholarship program. The program shall provide eligible
37 students with an opportunity to attend schools of their parents' choice.

38 (b) Each scholarship granting organization shall issue a receipt, in a
39 form prescribed by the secretary, to each contributing taxpayer indicating
40 the value of the contribution received. Each taxpayer shall provide a copy
41 of such receipt when claiming the tax credit established in K.S.A. 72-4357,
42 and amendments thereto.

43 (c) Prior to awarding an educational scholarship with respect to an

1 eligible student, ~~unless such student is under the age of six years~~, the
2 scholarship granting organization shall receive written verification from
3 the state ~~board~~ treasurer that such student is an eligible student under this
4 program, provided the state ~~board~~ treasurer and the board of education of
5 the school district in which the eligible student was enrolled the previous
6 school year, *if applicable*, have received written consent from such eligible
7 student's parent authorizing the release of such information.

8 (d) Upon receipt of information in accordance with K.S.A. 72-
9 4354(a)(2), and amendments thereto, the state ~~board~~ treasurer shall inform
10 the scholarship granting organization whether an educational scholarship
11 has been awarded by another scholarship granting organization with
12 respect to the eligible student.

13 (e) In each school year, no more than \$8,000 in educational
14 scholarships may be awarded under this program with respect to an
15 eligible student.

16 (f) *The state treasurer may have nonexclusive authority to market the
17 Kansas K-12 students scholarship program throughout the state and may
18 report on the initiatives in the state treasurer's office annual report.*

19 Sec. 4. K.S.A. 2025 Supp. 72-4354 is hereby amended to read as
20 follows: 72-4354. (a) To be eligible to participate in the program, a
21 scholarship granting organization shall comply with the following:

22 (1) The scholarship granting organization shall notify the secretary
23 and the state ~~board~~ treasurer of the scholarship granting organization's
24 intent to provide educational scholarships;

25 (2) upon granting an educational scholarship, the scholarship granting
26 organization shall report such information to the state ~~board~~ treasurer;

27 (3) the scholarship granting organization shall provide verification to
28 the secretary that the scholarship granting organization is exempt from
29 federal income taxation pursuant to section 501(c)(3) of the federal
30 internal revenue code of 1986;

31 (4) upon receipt of contributions in an aggregate amount or value in
32 excess of \$50,000 during a school year, a scholarship granting
33 organization shall file with the state ~~board~~ treasurer either:

34 (A) A surety bond payable to the state in an amount equal to the
35 aggregate amount of contributions expected to be received during the
36 school year; or

37 (B) financial information demonstrating the scholarship granting
38 organization's ability to pay an aggregate amount equal to the amount of
39 the contributions expected to be received during the school year, *which*
40 *that* must be reviewed and approved of in writing by the state ~~board~~
41 treasurer;

42 (5) scholarship granting organizations that provide other nonprofit
43 services in addition to providing educational scholarships shall not

1 commingle contributions made under the program with other contributions
2 made to such organization. A scholarship granting organization under this
3 subsection shall also file with the state ~~board treasurer~~, prior to the
4 commencement of each school year, either:

5 (A) A surety bond payable to the state in an amount equal to the
6 aggregate amount of contributions expected to be received during the
7 school year; or

8 (B) financial information demonstrating the nonprofit organization's
9 ability to pay an aggregate amount equal to the amount of the
10 contributions expected to be received during the school year, ~~which that~~
11 must be reviewed and approved of in writing by the state ~~board treasurer~~;

12 (6) each qualified school receiving educational scholarships from the
13 scholarship granting organization shall annually certify to the scholarship
14 granting organization its compliance with the requirements of the program;

15 (7) at the end of the calendar year, the scholarship granting
16 organization shall have its accounts examined and audited by a certified
17 public accountant. Such audit shall include, but not be limited to,
18 information verifying that the educational scholarships awarded by the
19 scholarship granting organization were distributed to qualified schools
20 with respect to eligible students determined by the state ~~board treasurer~~
21 under K.S.A. 72-4353(c), and amendments thereto, and information
22 specified in this section. Prior to filing a copy of the audit with the state
23 ~~board treasurer~~, such audit shall be duly verified and certified by a
24 certified public accountant; and

25 (8) if a scholarship granting organization decides to limit the number
26 or type of qualified schools who will receive educational scholarships, the
27 scholarship granting organization shall provide, in writing, the name or
28 names of those qualified schools to any contributor and the state ~~board~~
29 ~~treasurer~~.

30 (b) No scholarship granting organization shall provide an educational
31 scholarship with respect to any eligible student to attend any qualified
32 school with paid staff or paid board members, or relatives thereof, in
33 common with the scholarship granting organization.

34 (c) The scholarship granting organization shall disburse not less than
35 90% of contributions received pursuant to the program in the form of
36 educational scholarships within 36 months of receipt of such contributions.
37 If such contributions have not been disbursed within the applicable 36-
38 month time period, then the scholarship granting organization shall not
39 accept new contributions until 90% of the received contributions have
40 been disbursed in the form of educational scholarships. Any income earned
41 from contributions must be disbursed in the form of educational
42 scholarships.

43 (d) A scholarship granting organization may continue to provide an

1 educational scholarship with respect to a student who was an eligible
2 student in the year immediately preceding the current school year.

3 (e) A scholarship granting organization shall direct payments of
4 educational scholarships to the qualified school attended by the eligible
5 student or in which the eligible student is enrolled. Payment may be made
6 by check made payable to both the parent and the qualified school or to
7 only the qualified school. If an eligible student transfers to a new qualified
8 school during a school year, the scholarship granting organization shall
9 direct payment in a prorated amount to the original qualified school and
10 the new qualified school based on the eligible student's attendance. If the
11 eligible student transfers to a public school and enrolls in such public
12 school after September 20 of the current school year, the scholarship
13 granting organization shall direct payment in a prorated amount to the
14 original qualified school and the public school based on the eligible
15 student's attendance. The prorated amount to the public school shall be
16 considered a donation and shall be paid to the school district of such public
17 school in accordance with K.S.A. 72-1142, and amendments thereto.

18 (f) Each qualified school shall provide a link to the state department
19 of education's webpage where the reports prepared pursuant to K.S.A. 72-
20 5170, and amendments thereto, and K.S.A. 2025 Supp. 72-5178, and
21 amendments thereto, for such school are published. The link shall be
22 prominently displayed on the school's accountability reports webpage.

23 (g) By June 1 of each year, a scholarship granting organization shall
24 submit a report to the state ~~board treasurer~~ treasurer for the educational scholarships
25 provided in the immediately preceding 12 months. Such report shall be in
26 a form and manner as prescribed by the state ~~board treasurer~~, approved
27 and signed by a certified public accountant, and shall contain the following
28 information:

29 (1) The name and address of the scholarship granting organization;
30 (2) the name and address of each eligible student with respect to
31 whom an educational scholarship was awarded by the scholarship granting
32 organization;

33 (3) the total number and total dollar amount of contributions received
34 during the 12-month reporting period; and

35 (4) the total number and total dollar amount of educational
36 scholarships awarded during the 12-month reporting period and the total
37 number and total dollar amount of educational scholarships awarded
38 during the 12-month reporting period with respect to eligible students who
39 qualified under K.S.A. 72-4352(d), and amendments thereto.

40 (h) No scholarship granting organization shall:

41 (1) Provide an educational scholarship with respect to an eligible
42 student that is established by funding from any contributions made by any
43 relative of such eligible student; or

1 (2) accept a contribution from any source with the express or implied
2 condition that such contribution be directed toward an educational
3 scholarship for a particular eligible student.

4 Sec. 5. K.S.A. 72-4355 is hereby amended to read as follows: 72-
5 4355. (a) *On or before the first day of the legislative session in 2027, the*
6 *state board and the state treasurer shall jointly prepare and submit a*
7 *report to the legislature on the program.* On or before the first day of the
8 legislative session in 2028, and each year thereafter, the state ~~board~~
9 ~~treasurer~~ shall prepare and submit a report to the legislature on the
10 program. Annual reports shall include information reported to the state
11 board or the state treasurer under subsection (f) of K.S.A. 72-4354(g), and
12 amendments thereto, and a summary of such information.

13 (b) *On July 1, 2026, or as soon as practicable thereafter, the state*
14 *board shall provide a copy of all reports and records relating to the*
15 *program to the state treasurer.*

16 Sec. 6. K.S.A. 72-4356 is hereby amended to read as follows: 72-
17 4356. (a) (1) To qualify for the tax credit allowed by this act, the
18 scholarship granting organization shall apply each tax year to the state
19 ~~board~~ ~~treasurer~~ for a certification that the scholarship granting
20 organization is in substantial compliance with the program based on
21 information received in the annual audit and yearly report filed by the
22 scholarship granting organization with the state ~~board~~ ~~treasurer~~.

23 (2) The state ~~board~~ ~~treasurer~~ shall prescribe the form of the
24 application, ~~which~~ that shall include, but not be limited to, the information
25 set forth in subsection (a)(1).

26 (b) If the state ~~board~~ ~~treasurer~~ determines that the requirements under
27 this section were met by the scholarship granting organization, the state
28 ~~board~~ ~~treasurer~~ shall issue a certificate of compliance to the director of
29 taxation. *Any scholarship granting organization that applied for and*
30 *received a certificate of compliance for tax year 2026 from the state board*
31 *prior to July 1, 2026, shall not be required to reapply to the state treasurer*
32 *for tax year 2026.*

33 (c) The state ~~board~~ ~~treasurer~~ shall adopt rules and regulations to
34 implement the provisions of this section.

35 Sec. 7. K.S.A. 2025 Supp. 72-4357 is hereby amended to read as
36 follows: 72-4357. (a) (1) ~~There shall be allowed a credit against the~~
37 ~~corporate income tax liability imposed upon a taxpayer pursuant to the~~
38 ~~Kansas income tax act, the privilege tax liability imposed upon a taxpayer~~
39 ~~pursuant to the privilege tax imposed upon any national banking~~
40 ~~association, state bank, trust company or savings and loan association~~
41 ~~pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and~~
42 ~~amendments thereto, and the premium tax liability imposed upon a~~
43 ~~taxpayer pursuant to the premiums tax and privilege fees imposed upon an~~

1 insurance company pursuant to K.S.A. 40-252, and amendments thereto,
2 for tax years commencing after December 31, 2014, and ending before
3 January 1, 2017, an amount equal to 70% of the amount contributed to a
4 scholarship granting organization authorized pursuant to K.S.A. 72-4351
5 et seq., and amendments thereto.

6 (2) There shall be allowed a credit against the tax liability imposed
7 upon a taxpayer pursuant to the Kansas income tax act, the privilege tax
8 liability imposed upon a taxpayer pursuant to the privilege tax imposed
9 upon any national banking association, state bank, trust company or
10 savings and loan association pursuant to article 11 of chapter 79 of the
11 Kansas Statutes Annotated, and amendments thereto, and the premium tax
12 liability imposed upon a taxpayer pursuant to the premiums tax and
13 privilege fees imposed upon an insurance company pursuant to K.S.A. 40-
14 252, and amendments thereto:

15 (A) For tax years commencing after December 31, 2016, and ending
16 before January 1, 2022 2023, an amount equal to 70% of the amount
17 contributed to a scholarship granting organization authorized pursuant to
18 K.S.A. 72-4351 et seq., and amendments thereto; and

19 (B) for tax years commencing after December 31, 2022, an amount
20 equal to 75% of the amount contributed to a scholarship granting
21 organization authorized pursuant to K.S.A. 72-4351 et seq., and
22 amendments thereto.

23 (3)(2) In no event shall the total amount of contributions for any
24 taxpayer allowed under this subsection exceed \$500,000 for any tax year.

25 (b) The credit shall be claimed and deducted from the taxpayer's tax
26 liability during the tax year in which the contribution was made to any
27 such scholarship granting organization.

28 (c) (1) *Except as otherwise provided in this subsection, for tax year*
29 *2026, and each tax year thereafter, in no event shall* the total amount of
30 credits allowed under this section *shall not exceed* \$10,000,000
31 \$20,000,000 for any one tax year.

32 (2) *In each tax year commencing after December 31, 2025, the*
33 *secretary shall determine whether the total amount of credits claimed*
34 *pursuant to this subsection exceeds 75% of the aggregate credit limit*
35 *established pursuant to this subsection. If such condition is satisfied, the*
36 *aggregate credit limit shall be increased by 25% for the succeeding tax*
37 *year.*

38 (3) Except as otherwise provided, the allocation of such tax credits
39 for each scholarship granting organization shall be determined by the
40 scholarship granting organization in consultation with the secretary, and
41 such determination shall be completed prior to the issuance of any tax
42 credits pursuant to this section.

43 (d) If the amount of any such tax credit claimed by a taxpayer

1 exceeds the taxpayer's income, privilege or premium tax liability, such
2 excess amount may be carried over for deduction from the taxpayer's
3 income, privilege or premium tax liability in the next succeeding year or
4 years until the total amount of the credit has been deducted from tax
5 liability.

6 (e) The secretary shall adopt rules and regulations regarding filing of
7 documents that support the amount of credit claimed pursuant to this
8 section.

9 Sec. 8. K.S.A. 72-4351, 72-4353, 72-4355 and 72-4356 and K.S.A.
10 2025 Supp. 72-4352, 72-4354 and 72-4357 are hereby repealed.

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