

HOUSE BILL No. 2424

By Committee on Taxation

2-16

1 AN ACT concerning taxation; relating to income, privilege and premium
2 tax credits; establishing a refundable income tax credit for direct
3 payments made by employers to student loans on behalf of a qualified
4 employee.

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

7 New Section 1. (a) As used in this section:

8 (1) "Eligible postsecondary educational institution" means the same
9 as defined in K.S.A. 72-3222, and amendments thereto.

10 (2) "Full-time" means a qualified employee who works an average of
11 35 hours per week for a qualified employer.

12 (3) "Qualified employee" means an individual who:

13 (A) Is a Kansas resident;

14 (B) has earned a first bachelor's degree from an eligible
15 postsecondary educational institution in the immediately preceding five-
16 year period;

17 (C) is employed full-time in the state by a qualified employer;

18 (D) is not an owner, member or partner of such qualified employer or
19 a family member of an owner, member or partner of such qualified
20 employer; and

21 (E) has received a student loan.

22 (4) "Qualified employer" means a taxpayer that employs persons in
23 Kansas.

24 (5) "Student loan" means any loan in repayment that was issued by a
25 private or governmental lender to finance attendance at an eligible
26 postsecondary educational institution.

27 (b) For taxable years commencing after December 31, 2022, and
28 before January 1, 2028, a credit shall be allowed against the income,
29 privilege or premium tax liability imposed upon a taxpayer who is a
30 qualified employee pursuant to the Kansas income tax act, the privilege
31 tax imposed upon any national banking association, state bank, trust
32 company or savings and loan association pursuant to article 11 of chapter
33 79 of the Kansas Statutes Annotated, and amendments thereto, or the
34 premiums tax and privilege fees imposed upon an insurance company
35 pursuant to K.S.A. 40-252, and amendments thereto, when such qualified
36 employer makes a payment directly on a student loan on behalf of such

1 qualified employee. The credit allowed pursuant to this section shall be in
2 an amount equal to 50% of the payment made for such student loan during
3 the taxable year.

4 (c) If the amount of the credit allowed by subsection (b) exceeds the
5 taxpayer's tax liability, such excess amount shall be refunded to the
6 taxpayer.

7 (d) (1) The amount of such credit awarded under subsection (b) for
8 each taxpayer shall not exceed \$500,000 per tax year.

9 (2) In no event shall the total amount of credit allowed under
10 subsection (b) for payments made by a taxpayer for a student loan of any
11 one student exceed \$5,250 per tax year.

12 (3) In no event shall the total cumulative amount of all credits
13 allowed under subsection (b) exceed \$5,000,000 for each tax year that the
14 credit remains in effect.

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