

KANSAS OFFICE *of*  
**REVISOR *of* STATUTES**

LEGISLATURE *of* THE STATE *of* KANSAS  
*Legislative Attorneys transforming ideas into legislation.*

---

300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

---

**MEMORANDUM**

To: Chairman Highland and Members of the House Education Committee  
From: Nick Myers, Assistant Revisor of Statutes  
Date: February 2, 2016  
Subject: House Bill 2457

House Bill 2457 makes amendments to the tax credit for low income students scholarship program. This program was enacted by the Legislature in 2014. The program authorizes tax credits to certain business entities that donate to scholarship granting organizations. The scholarship granting organizations provide eligible students with scholarships to attend qualified nonpublic schools.

HB 2457 amends the definition of "eligible student." Under current law, a student is eligible to receive an educational scholarship if the student: (1) Is an at-risk pupil attending a title 1 focus or title 1 priority school in Kansas; (2) resides in Kansas; and (3) was enrolled in a public school in the previous school year or is under the age of six.

The bill removes the requirements that a student must be an at-risk pupil attending a title 1 focus or title 1 priority school and that a student must have been enrolled in a public school in the previous school year or be under the age of six. Under HB 2457, a student would be eligible to receive an educational scholarship if: (1) The student's family income does not exceed 250% of the federal poverty level; and (2) the student resides in Kansas.

HB 2457 also makes amendments to the tax credits authorized under the program. Current law authorizes a 70% tax credit against the corporate income tax liability (corporations), the privilege tax liability (banks, trust companies, savings and loan associations), and the premium tax liability (insurance companies).

The bill amends the tax credit percentage and expands who can claim the tax credit. HB 2457 authorizes a 100% tax credit against the tax liability of imposed upon any taxpayer pursuant to the Kansas income tax act, privilege tax, or premium tax. HB 2457 also increases the total allowable tax credits for each tax year from \$10,000,000 to \$12,500,000.

HB 2457 adds a provision that requires scholarship granting organizations to give scholarship priority to students who received an educational scholarship in the year immediately preceding the current school year. The bill requires scholarship granting organizations to make payments to qualified schools in two installment payments, one payment each semester. Also, the bill adds a provision that disallows a tax credit to any taxpayer who designates a donation for the direct benefit of a specific student.