Session of 2025

HOUSE BILL No. 2078

By Committee on Taxation

Requested by Representative Thompson on behalf of Representative Buehler

1-23

AN ACT concerning income taxation; relating to credits; providing an income tax credit for contributions to a child care provider or intermediary.

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

Section 1. (a) The provisions of this section shall be known and may be cited as the child care contribution tax credit act.

(b) For taxable year 2026, and all tax years thereafter, there shall be allowed a credit against the tax liability imposed under the Kansas income tax act for the tax year that a verified contribution was made in an amount equal to 75% of the verified contributions to a child care provider or intermediary. The amount of such credit awarded under this section for each taxpayer shall not exceed $200,000 per tax year. In no event shall the total amount of credits allowed under this section exceed $20,000,000 for each tax year. Any unused credit amounts may be carried forward for up to six taxable years immediately following the taxable year for which the credits were allowed.

(c) (1) The child care provider or intermediary shall apply to the department of revenue to participate in the program established in this section using a form prescribed by the department. The department shall determine eligibility. Only contributions to a child care provider and intermediary that have entered into an agreement with the department may receive a tax credit pursuant to this section.

(2) The child care provider or intermediary receiving a contribution shall, within 60 days of the date of receiving the contribution, file a contribution verification with the department and issue a copy of the contribution verification to the taxpayer. The contribution verification shall be in the form established by the department and shall include the taxpayer's name, taxpayer's state or federal tax identification number or last four digits of the taxpayer's social security number, amount of tax credit sought, amount or description of contribution, legal name and address of the child care provider or intermediary receiving the contribution, the child care provider's or intermediary's federal employer identification number, the child care provider's license number, the date that the child care provider or intermediary received the contribution from

the taxpayer and any other information requested by the department. The contribution verification shall include a signed attestation stating, in the case of a child care provider, that the child care provider will use the contribution solely to promote child care and, in the case of an intermediary, that the intermediary will distribute the contribution and any income thereon in full to one or more child care providers within two years of receipt of the contribution.

(3) The failure of the child care provider or intermediary to timely issue the contribution verification to the taxpayer or file the contribution verification with the department shall entitle the taxpayer to a refund of the contribution from the child care provider or intermediary.

(d) A contribution, whether received from the taxpayer claiming the tax credit pursuant to this section or from an intermediary, is eligible when:

(1) The contribution is used directly by a child care provider to promote child care for children 12 years of age or younger, including by acquiring or improving child care facilities, equipment or services, staff salaries, staff training or improving the quality of child care;

(2) the contribution, if made to an intermediary, is distributed in full by the intermediary within two years of receipt to one or more child care providers for the sole purpose of promoting child care for children 12 years of age or younger;

(3) the contribution is made to a child care provider or intermediary in which the taxpayer or a person related to the taxpayer does not have a direct financial interest;

(4) the contribution made to an intermediary is not designated for a child care provider in which the taxpayer or a person related to the taxpayer has a direct financial interest; and

(5) the contribution is not made in exchange for care of a child or children, unless the contribution is made by an employer in purchasing child care for the children of the employer's employees.

(e) A child care provider or intermediary that uses the contribution for an ineligible purpose shall repay to the department the value of the tax credit for the contribution amount used for an ineligible purpose. An intermediary that accepts a contribution and issues a taxpayer a contribution verification is permanently ineligible to claim or redeem a tax credit pursuant to this section.

(f) As used in this section:

(1) "Child care provider" means a person operating a child care facility as defined in K.S.A. 65-503, and amendments thereto.

(2) "Intermediary" means a nonprofit organization that distributes funds for the purposes of supporting a child care provider.

(3) "Person" means the same as defined in K.S.A. 65-503, and

amendments thereto.

(4) "Person related to the taxpayer" means an individual connected to the taxpayer by blood, adoption or marriage, or an individual, corporation, partnership, limited liability company, trust or association controlled by, or under the control of, the taxpayer directly or through an individual, corporation, limited liability company, partnership, trust or association under the control of the taxpayer.

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