



March 25, 2026

The Honorable Susan Estes, Chairperson  
House Committee on Education  
300 SW 10th Avenue, Room 218-N  
Topeka, Kansas 66612

Dear Representative Estes:

SUBJECT: Fiscal Note for HB 2680 by House Committee on K-12 Education Budget

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2680 is respectfully submitted to your committee.

Under current law, the Tax Credit for Low Income Students Scholarship Program requires an eligible student to be enrolled in a public school in the previous school year and to have family income that is less than or equal to 250.0 percent of the federal poverty guidelines. HB 2680 would remove the public school enrollment and family income requirements and would require that the eligible student be identified by a scholarship granting organization as a student with financial need. The bill would remove the requirement that a qualifying school be accredited by a national or regional accrediting agency recognized by the State Board of Education for the purpose of satisfying the teaching performance assessment for professional licensure.

The bill would rename this program the Kansas K-12 Students Scholarship Program and would move the administration of this program from the State Board of Education to the State Treasurer. The State Board of Education would be required to provide a copy of all reports and records relating to the program to the State Treasurer on July 1, 2026. Any scholarship-granting organization that applied for and received a certificate of compliance for tax year 2026 from the State Board of Education prior to July 1, 2026, would not be required to reapply to the State Treasurer for tax year 2026. Before the first day of the 2027 Legislative Session, the State Board of Education and the State Treasurer would jointly prepare and submit an annual report on the scholarship program to the Legislature. Future annual reports to the Legislature would be the responsibility of the State Treasurer. The State Treasurer would have the nonexclusive authority to market this program throughout the state and would report on marketing initiatives in its annual report.

The bill would increase the aggregate tax credits allowed per tax year from \$10.0 million to \$20.0 million beginning in tax year 2026. If the Secretary of Revenue determines that 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. The maximum tax credit for each taxpayer would remain at \$500,000 for any tax year. The State Treasurer would have the authority to adopt rules and regulations to implement the bill. The bill would also remove outdated statutory references.

| Estimated State Fiscal Effect |         |             |               |
|-------------------------------|---------|-------------|---------------|
|                               | FY 2026 | FY 2027     | FY 2028       |
| Expenditures                  |         |             |               |
| State General Fund            | --      | \$215,330   | \$157,000     |
| Fee Fund(s)                   | --      | --          | --            |
| Federal Fund                  | --      | --          | --            |
| Total Expenditures            | --      | \$215,330   | \$157,000     |
| Revenues                      |         |             |               |
| State General Fund            | --      | (\$600,000) | (\$1,600,000) |
| Fee Fund(s)                   | --      | --          | --            |
| Federal Fund                  | --      | --          | --            |
| Total Revenues                | --      | (\$600,000) | (\$1,600,000) |
| FTE Positions                 | --      | 1.00        | 1.00          |

The Department of Revenue estimates that HB 2680 would reduce State General Fund revenues by \$600,000 in FY 2027, \$1.6 million in FY 2028, and \$2.7 million in FY 2029. The Department indicates that enactment of the bill is not expected to result in enough additional credits to trigger the provision increasing the cap above \$20.0 million within the forecast period. The provisions expanding student eligibility are not expected to have a direct fiscal impact due to the tax credit being based on contributions to a scholarship-granting organization, not the scholarships given.

To formulate the estimate for increasing the cap, the Department reviewed approved tax credits and claimed tax credits for the Tax Credit for Low Income Students Scholarship Program. The existing cap of \$10.0 million was reached in tax year 2025. Based on past data for the growth of approved and allowed credits, this increased cap would increase approved credits by \$622,000 for tax year 2026. These credits would be realized in the following fiscal year. An average of 87.5 percent of these credits would be allowed against tax liability, and the remainder would carry forward to the next tax year.

The Department indicates that the bill would require \$58,330 from the State General Fund in FY 2027 to implement the bill and to modify the automated tax system. The required

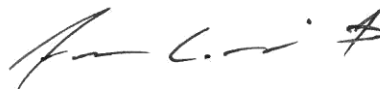
programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required.

The State Treasurer indicates enactment of the bill would require \$157,000 in both FY 2027 and FY 2028 from the State General Fund. This amount includes the hiring of 1.00 new FTE program manager position with an estimated annual salaries and wages cost of \$120,000. Computer workstation setup, software licensing, phone and jack fees, postage and printing, office furniture, and the rental of additional office space would likely be needed for the new employee with ongoing costs totaling \$17,000. In addition to the staffing and administrative costs, the State Treasurer indicates that it would spend approximately \$20,000 each year to market the program across the state.

The State Treasurer indicates that the new program would require additional legal and other administrative support during the first fiscal year of implementation, with a lesser degree of support on an ongoing basis; the State Treasurer expects the initial and ongoing legal and administrative support could be accommodated using existing resources.

The Department of Education indicates that the bill would have no fiscal effect on its operations. The Division of the Budget notes that although this program would be administered by the State Treasurer instead of the Department with the enactment of the bill, no new positions were added by the Legislature for the Department to manage the program when it first started in FY 2015. Any fiscal effect associated with HB 2680 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,

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

Adam C. Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
John Hedges, Office of the State Treasurer  
Gabrielle Hull, Department of Education