

**SENATE BILL No. 252**

By Committee on Assessment and Taxation

2-7

1 AN ACT concerning education; relating to the low income students  
2 scholarship program act; expanding eligibility for scholarships to  
3 certain high school students and students eligible to be enrolled in  
4 certain school districts; increasing the tax credit for contributions made  
5 pursuant to such act and the aggregate tax credit limit; providing for  
6 aggregate tax credit limit increases under certain conditions; providing  
7 for program administration by the state treasurer; amending K.S.A. 72-  
8 4351, 72-4353, 72-4355 and 72-4356 and K.S.A. 2024 Supp. 72-4352,  
9 72-4354 and 72-4357 and repealing the existing sections.

10

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

12

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

16

17 Sec. 2. K.S.A. 2024 Supp. 72-4352 is hereby amended to read as  
18 follows: 72-4352. As used in the ~~tax credit for low income Kansas K-12~~  
19 students scholarship program act:

19

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

21

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

22

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

28

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

29

30 (1) Resides in Kansas; and

30

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

34

35 (ii) (a) was enrolled in kindergarten or any of the grades one through  
36 ~~eight~~ *II* in any public school in the previous school year in which an  
educational scholarship is first sought for the child; or

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

4 (B) (i) *is eligible to be enrolled in a public school in the school year*  
5 *in which an educational scholarship is first sought for the child; and*

6 (ii) *such public school is operated by a school district that for the*  
7 *immediately preceding school year had less than 50% of the students*  
8 *enrolled in such district who were administered the statewide assessments*  
9 *in mathematics, English language arts and science achieve a score in such*  
10 *assessments that was in either of the two highest achievement levels as*  
11 *established by the state board of education for the 2024-2025 school year;*  
12 *except that in the event the state board of education alters or changes the*  
13 *scoring method or achievement levels in any way from the methods or*  
14 *parameters used for the 2024-2025 school year, the provisions of this*  
15 *clause shall expire and no longer be required for the eligibility of a child*  
16 *under subparagraph (B); or*

17 (C) has received an educational scholarship under the program and  
18 has not graduated from high school or reached the age of 21 years.

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

21 (f) "Program" means the ~~tax credit for low income Kansas K-12~~  
22 ~~students scholarship program established in K.S.A. 72-4351 through 72-~~  
23 ~~4357, and amendments thereto.~~

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

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

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

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

32 (3) has notified the state board *and state treasurer* of its intention to  
33 participate in the program; and

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

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

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

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

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

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

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

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

11 (c) Prior to awarding an educational scholarship with respect to an  
12 eligible student, ~~unless such student is under the age of six years,~~ the  
13 scholarship granting organization shall receive written verification from  
14 the state ~~board~~ *treasurer* that such student is an eligible student under this  
15 program, provided the state ~~board~~ *treasurer* and the board of education of  
16 the school district in which the eligible student was enrolled the previous  
17 school year, *if applicable*, have received written consent from such eligible  
18 student's parent authorizing the release of such information.

19 (d) Upon receipt of information in accordance with K.S.A. 72-  
20 4354(a)(2), and amendments thereto, the state ~~board~~ *treasurer* shall inform  
21 the scholarship granting organization whether an educational scholarship  
22 has been awarded by another scholarship granting organization with  
23 respect to the eligible student.

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

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

30 Sec. 4. K.S.A. 2024 Supp. 72-4354 is hereby amended to read as  
31 follows: 72-4354. (a) To be eligible to participate in the program, a  
32 scholarship granting organization shall comply with the following:

33 (1) The scholarship granting organization shall notify the secretary  
34 and the state ~~board~~ *treasurer* of the scholarship granting organization's  
35 intent to provide educational scholarships;

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

38 (3) the scholarship granting organization shall provide verification to  
39 the secretary that the scholarship granting organization is exempt from  
40 federal income taxation pursuant to section 501(c)(3) of the federal  
41 internal revenue code of 1986;

42 (4) upon receipt of contributions in an aggregate amount or value in  
43 excess of \$50,000 during a school year, a scholarship granting

1 organization shall file with the state ~~board~~ *treasurer* either:

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

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

10 (5) scholarship granting organizations that provide other nonprofit  
11 services in addition to providing educational scholarships shall not  
12 commingle contributions made under the program with other contributions  
13 made to such organization. A scholarship granting organization under this  
14 subsection shall also file with the state ~~board~~ *treasurer*, prior to the  
15 commencement of each school year, either:

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

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

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

26 (7) at the end of the calendar year, the scholarship granting  
27 organization shall have its accounts examined and audited by a certified  
28 public accountant. Such audit shall include, but not be limited to,  
29 information verifying that the educational scholarships awarded by the  
30 scholarship granting organization were distributed to qualified schools  
31 with respect to eligible students determined by the state ~~board~~ *treasurer*  
32 under K.S.A. 72-4353(c), and amendments thereto, and information  
33 specified in this section. Prior to filing a copy of the audit with the state  
34 ~~board~~ *treasurer*, such audit shall be duly verified and certified by a  
35 certified public accountant; and

36 (8) if a scholarship granting organization decides to limit the number  
37 or type of qualified schools who will receive educational scholarships, the  
38 scholarship granting organization shall provide, in writing, the name or  
39 names of those qualified schools to any contributor and the state ~~board~~  
40 *treasurer*.

41 (b) No scholarship granting organization shall provide an educational  
42 scholarship with respect to any eligible student to attend any qualified  
43 school with paid staff or paid board members, or relatives thereof, in

1 common with the scholarship granting organization.

2 (c) The scholarship granting organization shall disburse not less than  
3 90% of contributions received pursuant to the program in the form of  
4 educational scholarships within 36 months of receipt of such contributions.  
5 If such contributions have not been disbursed within the applicable 36-  
6 month time period, then the scholarship granting organization shall not  
7 accept new contributions until 90% of the received contributions have  
8 been disbursed in the form of educational scholarships. Any income earned  
9 from contributions must be disbursed in the form of educational  
10 scholarships.

11 (d) A scholarship granting organization may continue to provide an  
12 educational scholarship with respect to a student who was an eligible  
13 student in the year immediately preceding the current school year.

14 (e) A scholarship granting organization shall direct payments of  
15 educational scholarships to the qualified school attended by the eligible  
16 student or in which the eligible student is enrolled. Payment may be made  
17 by check made payable to both the parent and the qualified school or to  
18 only the qualified school. If an eligible student transfers to a new qualified  
19 school during a school year, the scholarship granting organization shall  
20 direct payment in a prorated amount to the original qualified school and  
21 the new qualified school based on the eligible student's attendance. If the  
22 eligible student transfers to a public school and enrolls in such public  
23 school after September 20 of the current school year, the scholarship  
24 granting organization shall direct payment in a prorated amount to the  
25 original qualified school and the public school based on the eligible  
26 student's attendance. The prorated amount to the public school shall be  
27 considered a donation and shall be paid to the school district of such public  
28 school in accordance with K.S.A. 72-1142, and amendments thereto.

29 (f) Each qualified school shall provide a link to the state department  
30 of education's webpage where the reports prepared pursuant to K.S.A. 72-  
31 5170, and amendments thereto, and K.S.A. 2024 Supp. 72-5178, and  
32 amendments thereto, for such school are published. The link shall be  
33 prominently displayed on the school's accountability reports webpage.

34 (g) By June 1 of each year, a scholarship granting organization shall  
35 submit a report to the state ~~board~~ *treasurer* for the educational scholarships  
36 provided in the immediately preceding 12 months. Such report shall be in  
37 a form and manner as prescribed by the state ~~board~~ *treasurer*, approved  
38 and signed by a certified public accountant, and shall contain the following  
39 information:

40 (1) The name and address of the scholarship granting organization;

41 (2) the name and address of each eligible student with respect to  
42 whom an educational scholarship was awarded by the scholarship granting  
43 organization;

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

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

8 (h) No scholarship granting organization shall:

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

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

15 Sec. 5. K.S.A. 72-4355 is hereby amended to read as follows: 72-  
16 4355. (a) *On or before the first day of the legislative session in 2026, the*  
17 *state board and the state treasurer shall jointly prepare and submit a*  
18 *report to the legislature on the program. On or before the first day of the*  
19 *legislative session in 2015 2027, and each year thereafter, the state-board*  
20 *treasurer shall prepare and submit a report to the legislature on the*  
21 *program. Annual reports shall include information reported to the state*  
22 *board or the state treasurer under subsection (f) of K.S.A. 72-4354(g), and*  
23 *amendments thereto, and a summary of such information.*

24 (b) *On July 1, 2025, or as soon as practicable thereafter, the state*  
25 *board shall provide a copy of all reports and records relating to the*  
26 *program to the state treasurer.*

27 Sec. 6. K.S.A. 72-4356 is hereby amended to read as follows: 72-  
28 4356. (a) (1) To qualify for the tax credit allowed by this act, the  
29 scholarship granting organization shall apply each tax year to the state  
30 board treasurer for a certification that the scholarship granting  
31 organization is in substantial compliance with the program based on  
32 information received in the annual audit and yearly report filed by the  
33 scholarship granting organization with the state-board treasurer.

34 (2) The state-board treasurer shall prescribe the form of the  
35 application, which that shall include, but not be limited to, the information  
36 set forth in subsection (a)(1).

37 (b) If the state-board treasurer determines that the requirements under  
38 this section were met by the scholarship granting organization, the state  
39 board treasurer shall issue a certificate of compliance to the director of  
40 taxation. *Any scholarship granting organization that applied for and*  
41 *received a certificate of compliance for tax year 2025 from the state board*  
42 *prior to July 1, 2025, shall not be required to reapply to the state treasurer*  
43 *for tax year 2025.*

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

3 Sec. 7. K.S.A. 2024 Supp. 72-4357 is hereby amended to read as  
 4 follows: 72-4357. (a) (1) ~~There shall be allowed a credit against the~~  
 5 ~~corporate income tax liability imposed upon a taxpayer pursuant to the~~  
 6 ~~Kansas income tax act, the privilege tax liability imposed upon a taxpayer~~  
 7 ~~pursuant to the privilege tax imposed upon any national banking~~  
 8 ~~association, state bank, trust company or savings and loan association~~  
 9 ~~pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and~~  
 10 ~~amendments thereto, and the premium tax liability imposed upon a~~  
 11 ~~taxpayer pursuant to the premiums tax and privilege fees imposed upon an~~  
 12 ~~insurance company pursuant to K.S.A. 40-252, and amendments thereto,~~  
 13 ~~for tax years commencing after December 31, 2014, and ending before~~  
 14 ~~January 1, 2017, an amount equal to 70% of the amount contributed to a~~  
 15 ~~scholarship granting organization authorized pursuant to K.S.A. 72-4351~~  
 16 ~~et seq., and amendments thereto.~~

17 ~~(2)~~—There shall be allowed a credit against the tax liability imposed  
 18 upon a taxpayer pursuant to the Kansas income tax act, the privilege tax  
 19 liability imposed upon a taxpayer pursuant to the privilege tax imposed  
 20 upon any national banking association, state bank, trust company or  
 21 savings and loan association pursuant to article 11 of chapter 79 of the  
 22 Kansas Statutes Annotated, and amendments thereto, and the premium tax  
 23 liability imposed upon a taxpayer pursuant to the premiums tax and  
 24 privilege fees imposed upon an insurance company pursuant to K.S.A. 40-  
 25 252, and amendments thereto:

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

30 (B) for tax years commencing after December 31, 2022, *and ending*  
 31 *before January 1, 2025*, an amount equal to 75% of the amount  
 32 contributed to a scholarship granting organization authorized pursuant to  
 33 K.S.A. 72-4351 et seq., and amendments thereto; *and*

34 (C) *for tax years commencing after December 31, 2024, an amount*  
 35 *equal to 100% of the amount contributed to a scholarship granting*  
 36 *organization authorized pursuant to K.S.A. 72-4351 et seq., and*  
 37 *amendments thereto.*

38 ~~(3)~~(2) In no event shall the total amount of contributions for any  
 39 taxpayer allowed under this subsection exceed \$500,000 for any tax year.

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

43 (c) (1) *Except as otherwise provided in this subsection, for tax year*

1 2025, and each tax year thereafter, ~~in no event shall~~ the total amount of  
2 credits allowed under this section *shall not exceed* ~~\$10,000,000~~  
3 ~~\$20,000,000~~ for any one tax year.

4 (2) *In each tax year commencing after December 31, 2024, the*  
5 *secretary shall determine whether the total amount of credits claimed*  
6 *pursuant to this subsection exceeds 75% of the aggregate credit limit*  
7 *established pursuant to this subsection. If such condition is satisfied, the*  
8 *aggregate credit limit shall be increased by 25% for the succeeding tax*  
9 *year.*

10 (3) Except as otherwise provided, the allocation of such tax credits  
11 for each scholarship granting organization shall be determined by the  
12 scholarship granting organization in consultation with the secretary, and  
13 such determination shall be completed prior to the issuance of any tax  
14 credits pursuant to this section.

15 (d) If the amount of any such tax credit claimed by a taxpayer  
16 exceeds the taxpayer's income, privilege or premium tax liability, such  
17 excess amount may be carried over for deduction from the taxpayer's  
18 income, privilege or premium tax liability in the next succeeding year or  
19 years until the total amount of the credit has been deducted from tax  
20 liability.

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

24 Sec. 8. K.S.A. 72-4351, 72-4353, 72-4355 and 72-4356 and K.S.A.  
25 2024 Supp. 72-4352, 72-4354 and 72-4357 are hereby repealed.

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