

SENATE BILL No. 281

By Committee on Ways and Means

2-27

1 AN ACT concerning the state treasurer; relating to tax-advantaged savings
2 programs; establishing the Kansas postsecondary education savings
3 account and Kansas ABLE savings account grant incentive program;
4 authorizing transfers from the state general fund for such program;
5 eliminating the low-income family postsecondary savings accounts
6 incentive program; establishing the Kansas postsecondary education
7 savings account and ABLE savings account grant incentive trust fund;
8 amending K.S.A. 75-648 and 75-650 and repealing the existing
9 sections.

10

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

12 Section 1. K.S.A. 75-648 is hereby amended to read as follows: 75-
13 648. (a) (1) The Kansas postsecondary education savings program trust
14 fund is hereby established in the state treasury. Such savings trust fund
15 shall consist of moneys deposited by depositors in accordance with this
16 act, moneys acquired from governmental and private sources and state
17 general fund appropriations, if any, *except as provided in subsections (b)*
18 *and (c)*. All interest derived from the deposit and investment of moneys in
19 such savings trust fund shall be credited to the fund. At the end of any
20 fiscal year, all unexpended and unencumbered moneys in such savings
21 trust fund shall remain therein and not be credited or transferred to the
22 state general fund or to any other fund.

23 (2) Except as provided in ~~subsection~~ *subsections (b) and (c)*, the state
24 treasurer shall credit all moneys received in connection with the Kansas
25 postsecondary education savings program to the Kansas postsecondary
26 education savings program trust fund.

27 (b) (1) The Kansas postsecondary education savings expense fund is
28 hereby established in the state treasury. The fund shall consist of moneys
29 received from the Kansas postsecondary education savings program
30 manager.

31 (2) All expenses incurred by the treasurer in developing and
32 administering the postsecondary education savings program shall be
33 payable from the Kansas postsecondary education savings expense fund.

34 (c) (1) *The Kansas postsecondary education savings account and*
35 *ABLE savings account grant incentive trust fund is hereby established. All*
36 *interest derived from the deposit and investment of moneys in such trust*

1 *fund shall be credited to the fund. At the end of any fiscal year, all*
 2 *unexpended and unencumbered moneys in such trust fund shall remain*
 3 *therein and not be credited or transferred to the state general fund or to*
 4 *any other fund.*

5 (2) *The state treasurer shall credit all moneys received in connection*
 6 *with the Kansas postsecondary education savings account and Kansas*
 7 *ABLE savings account grant incentive program to the Kansas*
 8 *postsecondary education savings account and ABLE savings account*
 9 *grant incentive trust fund.*

10 Sec. 2. K.S.A. 75-650 is hereby amended to read as follows: 75-650.

11 (a) As used in this section:

12 (1) ~~"Federal poverty level" means the most recent poverty income~~
 13 ~~guidelines published in the calendar year by the United States department~~
 14 ~~of health and human services.~~

15 (2) ~~"Program" means the low-income family postsecondary savings~~
 16 ~~accounts Kansas postsecondary education savings account and Kansas~~
 17 ~~ABLE savings account grant incentive program established by this section.~~

18 (3)(2) ~~"Qualified individual or family" means an individual or family~~
 19 ~~who resides within the state of Kansas and whose household income is~~
 20 ~~positive and not more than 200% of the federal poverty level for the tax~~
 21 ~~year prior to the year in which the application is submitted opens a~~
 22 ~~qualifying account for a beneficiary.~~

23 (4)(3) ~~"Participant" means a qualified individual or family who has~~
 24 ~~been approved for a matching grant under the program, has completed the~~
 25 ~~financial education training required by subsection (e) and satisfies any~~
 26 ~~other qualifications as determined by the treasurer.~~

27 (5) ~~"District" means a congressional district of the state of Kansas.~~

28 (6) ~~"Application" means an application for a matching grant under the~~
 29 ~~program.~~

30 (7) ~~"Third-party contributor" means any individual or organization~~
 31 ~~who contributes money to a family postsecondary savings account~~
 32 ~~established pursuant to K.S.A. 75-640 et seq., and amendments thereto,~~
 33 ~~other than the account owner who established such family postsecondary~~
 34 ~~savings account for the benefit of the participant.~~

35 (8)(4) ~~"Qualifying account" means a Kansas-sponsored~~
 36 ~~postsecondary education savings program account pursuant to K.S.A. 75-~~
 37 ~~640 et seq., and amendments thereto, or a Kansas ABLE savings program~~
 38 ~~account pursuant to K.S.A. 75-651 et seq., and amendments thereto.~~

39 (5) Words and phrases have the meanings provided by K.S.A. 75-643,
 40 and amendments thereto, for the Kansas postsecondary education savings
 41 program and K.S.A. 75-652, and amendments thereto, for the Kansas
 42 ABLE savings program unless otherwise provided by this section.

43 (b) There is hereby established the ~~low-income family postsecondary~~

1 ~~savings accounts~~ *Kansas postsecondary education savings account and*
2 *Kansas ABLE savings account grant* incentive program. The purpose of
3 the program is to encourage the establishment of ~~family postsecondary~~
4 ~~savings accounts pursuant to K.S.A. 75-640~~ *a Kansas postsecondary*
5 *education savings account pursuant to K.S.A. 75-640 et seq., and*
6 *amendments thereto, or a Kansas ABLE savings account pursuant to*
7 *K.S.A. 75-651 et seq., and amendments thereto, by qualified individuals*
8 *and families.*

9 (c) The treasurer shall:

10 (1) Implement and administer the program;

11 (2) develop marketing plans and promotional material for the
12 program;

13 (3) *develop any required financial training for participation in the*
14 *program;*

15 (4) prescribe the procedure for, and requirements relating to, the
16 submission and approval of *grant* applications;

17 ~~(4)(5)~~ do all things necessary and proper to carry out the purposes of
18 this act; and

19 ~~(5)(6)~~ adopt any rules and regulations and policies deemed necessary
20 for the implementation and administration of the program.

21 (d) *Grant* applications shall be submitted to the treasurer in the
22 manner and form required by the treasurer. Applications shall be
23 accompanied by any information deemed necessary by the treasurer.
24 Applications must be submitted each year using the applicant's household
25 income from the previous tax year.

26 ~~(e) Beginning in calendar year 2009, the treasurer may approve no~~
27 ~~more than 300 applications from a single district. If 300 applications from~~
28 ~~residents of a district are not approved in calendar year 2009 or any year~~
29 ~~thereafter, the treasurer may approve additional applications submitted by~~
30 ~~residents of the remaining districts up to the program total of 1,200~~
31 ~~applications per year. Applications shall be approved on a first come, first~~
32 ~~served basis. The treasurer shall provide written notice, to an applicant, of~~
33 ~~the approval or nonapproval of such person's application.~~

34 ~~(f) The amount of contributions made to an account by an account~~
35 ~~owner who establishes a family postsecondary savings account for the~~
36 ~~benefit of a participant pursuant to K.S.A. 75-640 et seq., and amendments~~
37 ~~thereto, shall be matched by the state on a dollar-for-dollar basis if the~~
38 ~~account owner contributes at least \$100 to a family postsecondary~~
39 ~~education savings account for the benefit of the participant during the~~
40 ~~calendar year for which the application has been approved. The aggregate~~
41 ~~of all matching amounts for any family postsecondary savings account~~
42 ~~shall not exceed \$600 in any calendar year. All contributions by a third-~~
43 ~~party contributor shall be deposited in the matching grant account for the~~

1 participant established by the treasurer or another similar account for
 2 which the withdrawals are restricted as required by subsection (h).

3 ~~(g)~~(e) *Grants awarded pursuant to this section shall not exceed \$100*
 4 *per participant and shall be awarded only to qualified individuals who*
 5 *have:*

6 (1) *A Kansas-sponsored postsecondary education savings account*
 7 *pursuant to K.S.A. 75-640 et seq., and amendments thereto, or a Kansas*
 8 *ABLE savings account pursuant to K.S.A. 75-651 et seq., and amendments*
 9 *thereto; and*

10 (2) *completed a financial education training program developed by*
 11 *the treasurer.*

12 (f) ~~Between January 1 and January 31 of~~*During* each state fiscal year,
 13 the director of accounts and reports shall transfer from the state general
 14 fund to the Kansas postsecondary education savings ~~program~~ *account and*
 15 *ABLE savings account grant incentive* trust fund the amount, as certified
 16 by the treasurer, necessary to meet the ~~matching grant~~ obligations under
 17 subsection ~~(f)~~ (e) for the ~~preceding calendar~~ *current* fiscal year, except that
 18 the amount transferred from the state general fund to the ~~Kansas~~
 19 ~~postsecondary education savings program~~ *such* trust fund shall not exceed
 20 the maximum amount specified by appropriation act for such purpose
 21 \$200,000 for that state fiscal year. ~~On or before January 31 of each year,~~
 22 The treasurer shall transfer from the Kansas postsecondary education
 23 savings ~~program~~ *account and ABLE savings account grant incentive* trust
 24 fund to the *each* qualifying account of each participant the amount
 25 determined by the treasurer to meet the ~~matching grant~~ obligation due to
 26 such ~~participant~~ *account* under subsection ~~(f)~~ (e) for the ~~preceding~~
 27 ~~calendar~~ *current* fiscal year.

28 (h) ~~The treasurer shall ensure that all withdrawals of matching funds~~
 29 ~~are used for qualified withdrawals under K.S.A. 75-640 et seq., and~~
 30 ~~amendments thereto.~~

31 (i)(g) *The treasurer shall not be required to approve any withdrawals*
 32 *under the low-income family postsecondary savings accounts incentive*
 33 *program as in existence prior to July 1, 2025. The treasurer may adopt*
 34 *rules and regulations or policies deemed necessary by the treasurer to*
 35 *administer any accounts opened pursuant to such low-income family*
 36 *postsecondary savings accounts incentive program.*

37 (h) The treasurer shall prepare and submit to the governor and the
 38 legislature a report on the program on or before January 31 of each year.
 39 Such report shall include the number of ~~accounts opened~~ *grants awarded*
 40 *under the program, the amount of moneys contributed to such accounts by*
 41 *the participants, the amount of matching moneys transferred by the*
 42 *treasurer pursuant to subsection (g), the average income of the*
 43 *participants, the nature of any financial education training program*

1 *provided to participants*, an analysis of the success of the program in
2 meeting the purpose of the program and any other information deemed
3 appropriate by the treasurer.

4 ~~(j)~~(i) The provisions of this section shall be *a* part of and
5 supplemental to the Kansas postsecondary education savings program *and*
6 *the Kansas ABLE savings program*.

7 Sec. 3. K.S.A. 75-648 and 75-650 are hereby repealed.

8 Sec. 4. This act shall take effect and be in force from and after its
9 publication in the Kansas register.