

January 29, 2020

The Honorable Kristey Williams, Chairperson
House Committee on K-12 Education Budget
Statehouse, Room 286A-N
Topeka, Kansas 66612

Dear Representative Williams:

SUBJECT: Fiscal Note for HB 2465 by House Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2465 is respectfully submitted to your committee.

HB 2465 would change the definition of “eligible student” and “public school” in the Tax Credit for Low Income Students Scholarship Program Act. The bill would change part of the statutory definition of an “eligible student” to be any student that is eligible for free or reduced-priced meals under the National School Lunch Act, as of January 1, 2020. Current law references an eligible student as an at-risk student.

In addition, the bill would change the definition of “public school” to any school operated by a unified school district organized under the laws of Kansas. The current definition of a “public school” is an elementary school that is operated by a school district and identified by the State Board of Education as one of the lowest 100 performing elementary schools with respect to student achievement among all elementary schools for the current school year. The bill would also make several technical amendments.

The enactment of HB 2465 would increase the number of students eligible for a scholarship under the Program, as the number of public schools that would make a student eligible for a scholarship would increase. The Department of Education indicates that for the 2019-2020 school year, 504 students were awarded scholarships totaling approximately \$2.3 million. For Tax Year 2019, the Department of Revenue reports that there were \$2.5 million in contributions to Scholarship Granting Organizations (SGO), resulting in total tax credits of \$1.8 million. The additional number of contributions to SGOs or scholarships resulting from the enactment of HB 2465 cannot be estimated; however, any additional tax credits claimed as a result of HB 2465 would reduce revenues to the State General Fund. The Department of Revenue notes that the maximum individual scholarship is \$8,000 per eligible student and the total amount of annual tax

credits for contributions is capped at \$10.0 million. Any fiscal effect associated with HB 2465 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with a large initial "L" and a smaller "L" followed by "Campbell".

Larry L. Campbell
Director of the Budget

cc: Dale Dennis, Education
Lynn Robinson, Department of Revenue