

March 22, 2021

The Honorable Molly Baumgardner, Chairperson  
Senate Committee on Education  
Statehouse, Room 445B-S  
Topeka, Kansas 66612

Dear Senator Baumgardner:

**SUBJECT:** Fiscal Note for SB 221 by Senate Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning SB 221 is respectfully submitted to your committee.

SB 221 would provide a refundable Kansas income tax credit, which would be known as the "Follow the Student Tax Credit." The tax credit would be for each dependent child of a resident taxpayer in an amount equal to the Base Aid for Student Excellence for the school year in effect on January 1 of the tax year. To qualify for the tax credit, the taxpayer must:

1. Have a dependent child who is enrolled in an accredited or nonaccredited private elementary or secondary school that is registered with the Department of Education;
2. Have a dependent child who was not included in the enrollment of a school district as of September 20 of the school year and who was not regularly enrolled in a public school operated by a school district during the tax year; and
3. Have documentation that the dependent child took a nationally standardized norm-referenced achievement test, advance placement examination, or other examination related to admission to a postsecondary education institution during the tax year.

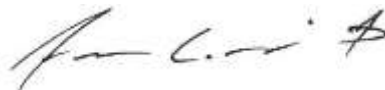
The taxpayer would not receive the tax credit if the taxpayer fails to provide a valid Social Security number for each dependent claimed. The Kansas Department of Revenue (KDOR) could consult with the Kansas Department of Education for the purpose of determining if a student is enrolled in a public school during a tax year the credit would be claimed.

On or before January 15 of each year, the Department of Revenue would be required to submit to the Legislature a report on the "Follow the Student Tax Credit" program for the

immediately preceding tax year. The report would include the number of tax credits claimed, the total amounts of credits claimed, and any information on known fraudulent claims filed.

KDOR estimates the enactment of SB 221 would, at a minimum, reduce revenues to the State General Fund by \$2.6 million in FY 2022, \$5.4 million in FY 2023, and \$5.5 million in FY 2024. KDOR prepared a fiscal effect estimate based upon 12th grade student enrollment headcount data on accredited nonpublic schools totaling approximately 1,600 students and adjusting this count by 72.0 percent for those students who took the ACT. Headcount data for nonaccredited private schools is not available. KDOR indicates that the actual fiscal effect could be greater than these estimates when including students from nonaccredited private schools. Any fiscal effect associated with SB 221 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Craig Neuenswander, Education