

Tax Credit for Low Income Students Scholarship Program

K.S.A. 2018 Supp. 72-4351 through 72-4357

72-4351. Citation of act. The provisions of K.S.A. 2018 Supp. 72-4351 through [72-4357](#), and amendments thereto, shall be known and may be cited as the tax credit for low income students scholarship program act.

History: L. 2014, ch. 93, § 55; May 1.

Source or Prior Law:

[72-99a01](#).

72-4352. Definitions. As used in the tax credit for low income students scholarship program act:

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

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

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

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

(1) (A) Is an at-risk student, as defined in K.S.A. [72-5132](#), and amendments thereto, and who is attending a public school; or (B) has been eligible to receive an educational scholarship under this program and has not graduated from high school or reached 21 years of age;

(2) resides in Kansas while eligible for an educational scholarship; and

(3) (A) was enrolled in any public school in the previous school year in which an educational scholarship is first sought for the child; or (B) is eligible to be enrolled in any public school in the school year in which an educational scholarship is first sought for the child and the child is under the age of six years.

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

(f) "Program" means the tax credit for low income students scholarship program established in K.S.A. [72-99a01](#) through [72-99a07](#), and amendments thereto.

(g) "Public school" means a school that is operated by a school district, and identified by the state board as one of the lowest 100 performing schools with respect to student achievement among all schools operated by school districts for the current school year.

(h) "Qualified school" means any nonpublic school that provides education to elementary or secondary students, has notified the state board of its intention to participate in the program and complies with the requirements of the program. On and after July 1, 2020, a qualified school shall be accredited by the state board or a national or regional accrediting agency that is recognized by the state board for the purpose of satisfying the teaching performance assessment for professional licensure.

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

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

(k) "School year" shall have the meaning ascribed thereto in section 4, and amendments thereto.

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

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

History: L. 2014, ch. 93, § 56; L. 2015, ch. 4, § 67; L. 2015, ch. 99, § 20; L. 2017, ch. 95, § 95; L. 2017, ch. 95, § 96; July 1, 2018.

Source or Prior Law:

[72-99a02](#).

Revisor's Note:

CAUTION: Section was amended effective July 1, 2018, see L. 2017, ch. 95, § 96.

72-4353. Tax credit for low income students scholarship program; receipt for contributions; verification of scholarship eligibility. (a) There is hereby established the tax credit for low income students scholarship program. The program shall provide eligible students with an opportunity to attend schools of their parents' choice.

(b) Each scholarship granting organization shall issue a receipt, in a form prescribed by the secretary, to each contributing taxpayer indicating the value of the contribution received. Each taxpayer shall provide a copy of such receipt when claiming the tax credit established in K.S.A. 2018 Supp. [72-4357](#), and amendments thereto.

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

(d) Upon receipt of information in accordance with K.S.A. 2018 Supp. [72-4354](#)(a)(2), and amendments thereto, the state board shall inform the scholarship granting organization whether an educational scholarship has been awarded by another scholarship granting organization with respect to the eligible student.

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

History: L. 2014, ch. 93, § 57; L. 2015, ch. 99, § 21; July 1.

Source or Prior Law:

[72-99a03](#).

72-4354. Scholarship granting organization; eligibility; disbursement of scholarship funds; annual reports. (a) To be eligible to participate in the program, a scholarship granting organization shall comply with the following:

(1) The scholarship granting organization shall notify the secretary and the state board of the scholarship granting organization's intent to provide educational scholarships;

(2) upon granting an educational scholarship, the scholarship granting organization shall report such information to the state board;

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

(4) upon receipt of contributions in an aggregate amount or value in excess of \$50,000 during a school year, a scholarship granting organization shall file with the state board either:

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

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

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

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

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

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

(7) at the end of the calendar year, the scholarship granting organization shall have its accounts examined and audited by a certified public accountant. Such audit shall include, but not be limited to, information verifying that the educational scholarships awarded by the scholarship granting organization were distributed to qualified schools with respect to eligible students determined by the state board under K.S.A. 2018 Supp. [72-4353\(c\)](#), and amendments thereto, and information specified in this section. Prior to filing a copy of the audit with the state board, such audit shall be duly verified and certified by a certified public accountant; and

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

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

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

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

(e) A scholarship granting organization shall direct payments of educational scholarships to the qualified school attended by the eligible student or in which the eligible student is enrolled. Payment may be made by check made payable to both the parent and the qualified school or to only the qualified school. If an eligible student transfers to a new qualified school during a school year, the scholarship granting organization shall direct payment in a prorated amount to the original qualified school and the new qualified school based on the eligible student's attendance. If the eligible student transfers to a public school and enrolls in such public school after September 20 of the current school year, the scholarship granting organization shall direct payment in a prorated amount to the original qualified school and the public school based on the eligible student's attendance. The prorated amount to the

public school shall be considered a donation and shall be paid to the school district of such public school in accordance with K.S.A. 2018 Supp. [72-1142](#), and amendments thereto.

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

- (1) The name and address of the scholarship granting organization;
- (2) the name and address of each eligible student with respect to whom an educational scholarship was awarded by the scholarship granting organization;
- (3) the total number and total dollar amount of contributions received during the 12-month reporting period; and
- (4) the total number and total dollar amount of educational scholarships awarded during the 12-month reporting period and the total number and total dollar amount of educational scholarships awarded during the 12-month reporting period with respect to eligible students who qualified under K.S.A. 2018 Supp. [72-4352](#)(d), and amendments thereto.

(g) No scholarship granting organization shall:

- (1) Provide an educational scholarship with respect to an eligible student that is established by funding from any contributions made by any relative of such eligible student; or
- (2) accept a contribution from any source with the express or implied condition that such contribution be directed toward an educational scholarship for a particular eligible student.

History: L. 2014, ch. 93, § 58; L. 2015, ch. 99, § 22; July 1.

Source or Prior Law:
[72-99a04](#).

72-4355. Annual report by state board of education. On or before the first day of the legislative session in 2015, and each year thereafter, the state board shall prepare and submit a report to the legislature on the program. Annual reports shall include information reported to the state board under subsection (f) of K.S.A. 2018 Supp. [72-4354](#), and amendments thereto, and a summary of such information.

History: L. 2014, ch. 93, § 59; May 1.

Source or Prior Law:
[72-99a05](#).

72-4356. Certification of substantial compliance. (a) (1) To qualify for the tax credit allowed by this act, the scholarship granting organization shall apply each tax year to the state board for a certification that the scholarship granting organization is in substantial compliance with the program based on information received in the annual audit and yearly report filed by the scholarship granting organization with the state board.

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

(b) If the state board determines that the requirements under this section were met by the scholarship granting organization, the state board shall issue a certificate of compliance to the director of taxation.

(c) The state board shall adopt rules and regulations to implement the provisions of this section.

History: L. 2014, ch. 93, § 60; May 1.

Source or Prior Law:
[72-99a06](#).

72-4357. Tax credit for contributions to scholarship granting organization; limitations on amount of credits; carry over of unused credits. (a) (1) There shall be allowed a credit against the corporate income tax liability imposed upon a taxpayer pursuant to the Kansas income tax act, the privilege tax liability imposed upon a taxpayer pursuant to the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, and the premium tax liability imposed upon a taxpayer pursuant to the premiums tax and privilege fees imposed upon an insurance company pursuant to K.S.A. [40-252](#), and amendments thereto, for tax years commencing after December 31, 2014, and ending before January 1, 2017, an amount equal to 70% of the amount contributed to a scholarship granting organization authorized pursuant to K.S.A. 2018 Supp. [72-4351](#) et seq., and amendments thereto.

(2) There shall be allowed a credit against the tax liability imposed upon a taxpayer pursuant to the Kansas income tax act, the privilege tax liability imposed upon a taxpayer pursuant to the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, and the premium tax liability imposed upon a taxpayer pursuant to the premiums tax and privilege fees imposed upon an insurance company pursuant to K.S.A. [40-252](#), and amendments thereto, for tax years commencing after December 31, 2016, an amount equal to 70% of the amount contributed to a scholarship granting organization authorized pursuant to K.S.A. 2018 Supp. [72-4351](#) et seq., and amendments thereto. In no event shall the total amount of contributions for any taxpayer allowed under this subsection exceed \$500,000 for any tax year.

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

(c) For each tax year, in no event shall the total amount of credits allowed under this section exceed \$10,000,000 for any one tax year. Except as otherwise provided, the allocation of such tax credits for each scholarship granting organization shall be determined by the scholarship granting organization in consultation with the secretary, and such determination shall be completed prior to the issuance of any tax credits pursuant to this section.

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

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

History: L. 2014, ch. 93, § 61; L. 2017, ch. 95, § 97; July 1.

Source or Prior Law:

[72-99a07](#).