

REVISED
SESSION OF 2024

SUPPLEMENTAL NOTE ON SENATE BILL NO. 509

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 509, as amended, would create an income tax credit for certain Kansas residents with children enrolled in accredited or nonaccredited private schools.

The credit, which would be refundable and would begin in tax year 2024, would be equal to 75 percent of the BASE (Base Aid for Student Excellence) amount provided in school finance law during the school year in effect on January 1 of the tax year for students enrolled in accredited private schools and 50 percent of the BASE amount for students enrolled in nonaccredited private schools if the child was eligible to be enrolled in kindergarten through 12th grade at a Kansas public school but was not so enrolled. The Department of Revenue would be required to provide for advance refunds of the credit on a form prepared by the Department of Revenue.

The bill would authorize the Department of Revenue to consult with the State Department of Education regarding the public school enrollment status for any child for which a credit is sought. Taxpayers seeking to claim the credit would acknowledge by seeking the credit that the Department of Revenue is permitted such consultation.

Taxpayers receiving the credit would be required to provide a valid Social Security number for each child for which the taxpayer is claiming the credit. Taxpayers filing a

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

false claim for the credit or claiming the credit and not sending their child to a private school, as described in the bill, would be subject to civil penalties. Taxpayers would be prohibited from claiming the credit for a child who received a scholarship pursuant to the Tax Credit for Low Income Student Scholarship Act.

The Department of Revenue would be required to submit a report to the Legislature by January 15 of each year of the total amount of credits claimed and any information on fraudulent claims for the credit.

For tax year 2024, the total amount of credits allowed would be limited to \$75.0 million. For tax year 2025 and each subsequent tax year, if the total amount of credits claimed in any year exceeds 90 percent of the maximum amount allowed, the maximum amount of credits allowed would increase by 25 percent for the following tax year. The bill would require the Department of Revenue to publish information on its website identifying such increases in the maximum total amount of tax credits.

The bill would be in effect upon publication in the *Kansas Register*.

Background

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Erickson.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by representatives of Americans for Prosperity–Kansas, Holy Savior Catholic Academy, Kansas Policy Institute, and yes. every. kid. Proponents generally stated the bill would provide parents with a financial resource to enable

them to make decisions regarding the education of their children.

Written-only proponent testimony was provided by representatives of Catholic Diocese of Wichita, Kansas Catholic Conference, and Kansas Family Voice.

Opponent testimony was provided by representatives of Game On for Kansas Schools, Kansas Association of School Boards, Kansas State Board of Education, Kansas Interfaith Action, Kansas PTA, United School Administrators of Kansas, and five private citizens. Opponents generally stated the bill would provide a tax incentive for education with little or no State oversight, could jeopardize funding for public schools, and could risk entanglement of State oversight with home education.

Written-only opponent testimony was provided by representatives of Blue Valley Schools, Kansas National Education Association, Mainstream, and Stand Up Blue Valley, and several private citizens.

No other testimony was provided.

The Senate Committee amended the bill to provide for the aggregate limit to the amount of credits available, prohibit the credit in cases of scholarships being received by the student under the Tax Credit for Low Income Student Scholarship Program, and provide for civil penalties in the event the credit is claimed and the student is not enrolled in a private school.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue estimates enactment of the bill could result in \$240.0 million in credits being claimed in tax year 2024 and \$253.8 million in credits being claimed in tax year 2025.

However, the fiscal note did not include the effects of the Senate Committee amendment providing for an aggregate cap on the credit.

A fiscal note on the amended bill was not immediately available. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Taxation; income tax; credit; accredited private school; nonaccredited private school