AN ACT concerning the low-income family postsecondary savings
account incentive program; amending K.S.A. 2010 Supp. 75-650 and
repealing the existing section.

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

Section 1. K.S.A. 2010 Supp. 75-650 is hereby amended to read as
follows: 75-650. (a) As used in this section:
(1) "Federal poverty level" means the most recent poverty income
guidelines published in the calendar year by the United States department
of health and human services.
(2) "Program" means the low-income family postsecondary savings
accounts incentive program established by this section.
(3) "Qualified individual or family" means an individual or family
who resides within the state of Kansas and whose household income is
not more than 200% of the federal poverty level for the tax year prior to
the year in which the application is submitted.
(4) "Participant" means a qualified individual or family who has
been approved for a matching grant under the program.
(5) "District" means a congressional district of the state of Kansas.
(6) "Application" means an application for a matching grant under
the program.
(7) "Third-party contributor" means any individual or organization
who contributes money to a family postsecondary savings account
established pursuant to K.S.A. 75-640 et seq., and amendments thereto,
other than the participant who established such family postsecondary
savings account.
(8) Words and phrases have the meanings provided by K.S.A.
75-643, and amendments thereto, unless otherwise provided by this
section.
(b) There is hereby established the low-income family
postsecondary savings accounts incentive program. The purpose of the
program is to encourage the establishment of family postsecondary
savings accounts pursuant to K.S.A. 75-640, and amendments thereto, by
qualified individuals and families.
(c) The treasurer shall:
1. Implement and administer the program;
(2) develop marketing plans and promotional material for the program;
(3) prescribe the procedure for, and requirements relating to, the submission and approval of applications;
(4) do all things necessary and proper to carry out the purposes of this act; and
(5) adopt any rules and regulations and policies deemed necessary for implementation and administration of the program.

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

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

(f) The amount of contributions made to an account by a participant who establishes a family postsecondary savings account pursuant to K.S.A. 75-640 et seq., and amendments thereto, or by any third-party contributor shall be matched by the state on a dollar-for-dollar basis if the aggregate contributions of such participant and any third-party contributor are in an amount equal to or greater than $100 during the calendar year for which the application has been approved. The aggregate of all matching amounts for any participant family postsecondary savings account shall not exceed $600 in any calendar year. All contributions by a third-party contributor shall be deposited in the matching grant account of the participant established by the treasurer.

(g) Between January 1 and January 31 of each state fiscal year, the director of accounts and reports shall transfer from the state general fund to the Kansas postsecondary education savings program trust fund the amount, as certified by the treasurer, necessary to meet the matching obligations under subsection (f) for the preceding calendar year, except that the amount transferred from the state general fund to the Kansas postsecondary education savings program trust fund shall not exceed the maximum amount specified by appropriation act for such purpose for that state fiscal year. On or before January 31 of each year, the treasurer shall transfer from the Kansas postsecondary education savings program trust
fund to the account of each participant the amount determined by the
 treasurer to meet the matching obligation due to such participant under
 subsection (f) for the preceding calendar year.

(h) The treasurer shall ensure that all withdrawals of matching funds
 are used for qualified withdrawals under K.S.A. 75-640 et seq., and
 amendments thereto. Each request for a withdrawal from the matching
 grant account of a participant shall be submitted to the treasurer's office
 for approval. If the treasurer determines that the request is for qualified
 higher education expenses, then the request shall be approved. Each
 approved withdrawal from the matching grant account of the participant
 shall be paid either directly to the educational institution or to the
 participant or the designated beneficiary, upon presentation of
 documentation acceptable to the treasurer that the participant or
 designated beneficiary has paid qualified higher education expenses at
 least equal to the amount of the requested withdrawal.

(i) (1) Except as provided in paragraphs (2) and (3), funds in a
 participant's matching grant account shall be forfeited in an amount
 equal to either of the following:
 (A) Any nonqualified withdrawal from the participant's account; or
 (B) any rollover distribution to another qualified tuition plan.
 (2) If any nonqualified withdrawal or rollover distribution closes the
 participant's account, the corresponding matching grant account shall be
 closed and its entire balance shall be forfeited.
 (3) Any participant who contributes more than the $600 maximum
 matching grant amount may make a nonqualified withdrawal or rollover
 distribution of the excess contribution without forfeiting funds in the
 matching grant account.
 (4) All forfeited funds shall be returned to the Kansas postsecondary
 education savings trust fund.

(j) The treasurer shall prepare and submit to the governor and the
 legislature a report on the program on or before January 31 of each year.
 Such report shall include the number of accounts opened under the
 program, the amount of moneys contributed to such accounts by the
 participants, the amount of matching moneys transferred by the treasurer
 pursuant to subsection (g), the average income of the participants, an
 analysis of the success of the program in meeting the purpose of the
 program and any other information deemed appropriate by the treasurer.

(k) The provisions of this section shall be part of and
 supplemental to the Kansas postsecondary education savings program.

Sec. 2. K.S.A. 2010 Supp. 75-650 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its
 publication in the statute book.