

SESSION OF 2012

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
SUBSTITUTE FOR HOUSE BILL NO. 2004**

As Amended by Senate Committee of the Whole

Brief*

Senate Sub. for Sub. for HB 2004 would amend current law governing the low-income family postsecondary savings accounts incentive program. The bill would allow a third-party contributor, other than the account owner, to contribute money to family postsecondary savings accounts.

The bill would clarify the terms "account holder" and "participant," and would define "third-party contributor." The bill would define an individual or family qualified to establish a postsecondary savings account to mean an individual or family residing in Kansas and having a household income that is positive and not more than 200 percent of the federal poverty level for the tax year prior to the year in which the application is submitted.

The bill would take effect on January 1, 2013.

Background

The contents of Senate Sub. for Sub. for HB 2004 were introduced in SB 153. (Sub. for HB 2004 was a bill related to transporting public school students.) At the hearing on SB 153, a representative of Kansas Action for Children appeared as a proponent to the bill. A representative of the State Treasurer's Office provided neutral testimony.

*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>

The Committee made technical changes to SB 153 at the request of the State Treasurer, as well as changing the effective date to January 1, 2013. The Committee also agreed to remove the contents from Sub. for HB 2004 and replace them with the contents of SB 153.

The Senate Committee of the Whole added the word "positive" to the following definition:

An individual or family qualified to establish a postsecondary savings account means an individual or family residing in Kansas and having a household income that is positive and not more than 200 percent of the federal poverty level for the tax year prior to the year in which the application is submitted.

The Division of the Budget fiscal note on SB 153 stated that by expanding the pool of eligible contributors, it could be assumed there would be greater qualified contributions eligible for match under the program. The fiscal note further states the bill does not alter the statutory cap of 1,200 overall program participants, which limits the cost to the State General Fund in any year to \$720,000 (\$600 limit times 1,200). The fiscal note states it is estimated the State General Fund would finance \$300,000 in matching contributions in FY 2012.