

House Substitute for SENATE BILL No. 22

By Committee on Education

3-21

1 AN ACT concerning schools; enacting the corporate education tax credit
2 scholarship program act; providing for educational scholarships;
3 authorizing a tax credit; amending K.S.A. 2012 Supp. 72-6407 and 79-
4 32,138 and repealing the existing sections.
5

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

7 New Section 1. The provisions of sections 1 through 8, and
8 amendments thereto, shall be known and may be cited as the corporate
9 education tax credit scholarship program act.

10 New Sec. 2. As used in the corporate education tax credit scholarship
11 program act:

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

14 (b) "department" means the Kansas department of revenue;

15 (c) "educational scholarship" means an amount not to exceed \$8,000
16 provided to eligible students to cover all or a portion of the costs of tuition,
17 fees and expenses of a qualified school and, if applicable, the costs of
18 transportation to a qualified school if provided by such qualified school;

19 (d) "eligible student" means a child who:

20 (1) (A) Is a member of a household whose total annual income during
21 the year prior to receiving an educational scholarship under this program
22 does not exceed 185% of the most recent federal poverty income
23 guidelines published in the calendar year by the United States department
24 of health and human services, (B) has an individualized education program
25 and is considered a child with a disability, as defined by K.S.A. 72-962(z),
26 and amendments thereto, or (C) has received an educational scholarship
27 under this program and has not graduated from high school or reached 21
28 years of age;

29 (2) resides in Kansas while receiving an educational scholarship; and

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

35 (e) "individualized education program" shall have the meaning
36 ascribed thereto in K.S.A. 72-962, and amendments thereto;

1 (f) "parent" includes a guardian, custodian or other person with
2 authority to act on behalf of the child;

3 (g) "program" means the corporate education tax credit scholarship
4 program established in sections 1 through 8, and amendments thereto;

5 (h) "public school" means a school operated by a school district;

6 (i) "qualified school" means any nonpublic school that provides
7 education to elementary and secondary students, has notified the state
8 board of its intention to participate in the program and complies with the
9 requirements of the program;

10 (j) "scholarship granting organization" means an organization that
11 complies with the requirements of this program and provides educational
12 scholarships to students attending qualified schools of their parents'
13 choice;

14 (k) "school district" or "district" means any unified school district
15 organized and operating under the laws of this state;

16 (l) "school year" shall have the meaning ascribed thereto in K.S.A.
17 72-6408, and amendments thereto;

18 (m) "secretary" means the secretary of revenue; and

19 (n) "state board" means the state board of education.

20 New Sec. 3. (a) There is hereby established the corporate education
21 tax credit scholarship program. The program shall provide eligible students
22 with an opportunity to attend schools of their parents' choice.

23 (b) Each scholarship granting organization shall issue a receipt, in a
24 form prescribed by the secretary, to each contributing taxpayer indicating
25 the value of the contribution received. Each taxpayer shall provide a copy
26 of such receipt when claiming the tax credit established in section 7, and
27 amendments thereto.

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

36 (d) Upon receipt of information in accordance with subsection (a)(2)
37 of section 4, and amendments thereto, the state board shall inform the
38 scholarship granting organization if such student has already been
39 designated to receive an educational scholarship by another scholarship
40 granting organization.

41 (e) In each school year, each eligible student under this program shall
42 not receive more than one educational scholarship under this program.

43 (f) An eligible student's participation in this program by receiving an

1 educational scholarship constitutes a waiver to special education services
2 provided by any school district, unless such school district agrees to
3 provide such services to the qualified school.

4 New Sec. 4. (a) To be eligible to participate in the program, a
5 scholarship granting organization shall comply with the following:

6 (1) The scholarship granting organization shall notify the secretary
7 and the state board of the scholarship granting organization's intent to
8 provide educational scholarships to students attending qualified schools;

9 (2) upon granting an educational scholarship to an eligible student,
10 the scholarship granting organization shall report such information to the
11 state board;

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

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

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

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

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

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

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

39 (6) the scholarship granting organization shall ensure that each
40 qualified school receiving educational scholarships from the scholarship
41 granting organization is in compliance with the requirements of the
42 program;

43 (7) at the end of the calendar year, the scholarship granting

1 organization shall have its accounts examined and audited by a certified
2 public accountant. Such audit shall include, but not be limited to,
3 information verifying that the educational scholarships awarded by the
4 scholarship granting organization were distributed to the eligible students
5 determined by the state board under subsection (c) of section 3, and
6 amendments thereto, and information specified in section 4, and
7 amendments thereto. Prior to filing a copy of the audit with the state board,
8 such audit shall be duly verified and certified by a certified public
9 accountant; and

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

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

18 (c) The scholarship granting organization shall disburse not less than
19 90% of contributions received pursuant to the program to eligible students
20 in the form of educational scholarships within 36 months of receipt of such
21 contributions. If such contributions have not been disbursed within the
22 applicable 36-month time period, then the scholarship granting
23 organization shall not accept new contributions until 90% of the received
24 contributions have been disbursed in the form of educational scholarships.
25 Any income earned from contributions must be disbursed in the form of
26 educational scholarships.

27 (d) A scholarship granting organization may continue to provide an
28 educational scholarship to an eligible student who received an educational
29 scholarship under this program in the year immediately preceding the
30 current school year.

31 (e) A scholarship granting organization shall direct payments of an
32 educational scholarship to the qualified school on behalf of the eligible
33 student. Payment shall be made by check made payable to both the parent
34 and the qualified school. If an eligible student transfers to a new qualified
35 school during a school year, the scholarship granting organization shall
36 direct payment in a prorated amount to the original qualified school and
37 the new qualified school based on the eligible student's attendance. If the
38 eligible student transfers to a public school and enrolls in such public
39 school after September 20 of the current school year, the scholarship
40 granting organization shall direct payment in a prorated amount to the
41 original qualified school and the public school based on the eligible
42 student's attendance. The prorated amount to the public school shall be
43 considered a donation and shall be paid to the school district of such public

1 school in accordance with K.S.A. 72-8210, and amendments thereto, to
2 provide for the education of such eligible student.

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

8 (1) The name and address of the scholarship granting organization;

9 (2) the name and address of each eligible student receiving an
10 educational scholarship by the scholarship granting organization;

11 (3) the total number and total dollar amount of contributions received
12 during the 12-month reporting period; and

13 (4) the total number and total dollar amount of educational
14 scholarships awarded during the 12-month reporting period, the total
15 number and total dollar amount of educational scholarships awarded
16 during the 12-month reporting period to eligible students who qualified
17 under subsection (d)(1)(A) of section 2, and amendments thereto, and total
18 number and total dollar amount of educational scholarships awarded
19 during the 12-month reporting period to eligible students who qualified
20 under subsection (d)(1)(B) of section 2, and amendments thereto.

21 (g) No scholarship granting organization shall:

22 (1) Provide an eligible student with an educational scholarship
23 established by funding from any contributions made by any relative of
24 such eligible student; or

25 (2) accept a contribution from any source with the express or implied
26 condition that such contribution be directed toward an educational
27 scholarship for a particular eligible student.

28 New Sec. 5. On or before the first day of the legislative session in
29 2014, and each year thereafter, the state board shall prepare and submit a
30 report to the legislature on the program. Annual reports shall include
31 information reported to the state board under subsection (f) of section 4,
32 and amendments thereto, and a summary of such information.

33 New Sec. 6. (a) (1) To qualify for the tax credit allowed by this act,
34 the scholarship granting organization shall apply each tax year to the state
35 board for a certification that the scholarship granting organization is in
36 substantial compliance with the program based on information received in
37 the annual audit and yearly report filed by the scholarship granting
38 organization with the state board.

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

42 (b) If the state board determines that the requirements under this
43 section were met by the scholarship granting organization, the state board

1 shall issue a certificate of compliance to the director of taxation.

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

4 New Sec. 7. (a) There shall be allowed a credit against the corporate
5 income tax liability imposed upon a taxpayer pursuant to the Kansas
6 income tax act, the privilege tax liability imposed upon a taxpayer
7 pursuant to the privilege tax imposed upon any national banking
8 association, state bank, trust company or savings and loan association
9 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and
10 amendments thereto, and the premium tax liability imposed upon a
11 taxpayer pursuant to the premiums tax and privilege fees imposed upon an
12 insurance company pursuant to K.S.A. 40-252, and amendments thereto,
13 for tax years commencing after December 31, 2013, an amount equal to
14 70% of the amount contributed to a scholarship granting organization
15 authorized pursuant to section 1 et seq., and amendments thereto.

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

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

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

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

36 New Sec. 8. The provisions of sections 1 through 8, and amendments
37 thereto, shall expire on June 30, 2015.

38 Sec. 9. K.S.A. 2012 Supp. 72-6407 is hereby amended to read as
39 follows: 72-6407. (a) (1) "Pupil" means any person who is regularly
40 enrolled in a district and attending kindergarten or any of the grades one
41 through 12 maintained by the district or who is regularly enrolled in a
42 district and attending kindergarten or any of the grades one through 12 in
43 another district in accordance with an agreement entered into under

1 authority of K.S.A. 72-8233, and amendments thereto, or who is regularly
2 enrolled in a district and attending special education services provided for
3 preschool-aged exceptional children by the district.

4 (2) Except as otherwise provided in paragraph (3) of this subsection,
5 a pupil in attendance full time shall be counted as one pupil. A pupil in
6 attendance part time shall be counted as that proportion of one pupil (to the
7 nearest $\frac{1}{10}$) that the pupil's attendance bears to full-time attendance. A
8 pupil attending kindergarten shall be counted as $\frac{1}{2}$ pupil. A pupil enrolled
9 in and attending an institution of postsecondary education which is
10 authorized under the laws of this state to award academic degrees shall be
11 counted as one pupil if the pupil's postsecondary education enrollment and
12 attendance together with the pupil's attendance in either of the grades 11 or
13 12 is at least $\frac{5}{6}$ time, otherwise the pupil shall be counted as that
14 proportion of one pupil (to the nearest $\frac{1}{10}$) that the total time of the pupil's
15 postsecondary education attendance and attendance in grade 11 or 12, as
16 applicable, bears to full-time attendance. A pupil enrolled in and attending
17 an area vocational school, area vocational-technical school or approved
18 vocational education program shall be counted as one pupil if the pupil's
19 vocational education enrollment and attendance together with the pupil's
20 attendance in any of grades nine through 12 is at least $\frac{5}{6}$ time, otherwise
21 the pupil shall be counted as that proportion of one pupil (to the nearest
22 $\frac{1}{10}$) that the total time of the pupil's vocational education attendance and
23 attendance in any of grades nine through 12 bears to full-time attendance.
24 A pupil enrolled in a district and attending a non-virtual school and also
25 attending a virtual school shall be counted as that proportion of one pupil
26 (to the nearest $\frac{1}{10}$) that the pupil's attendance at the non-virtual school
27 bears to full-time attendance. Except as provided by this section for
28 preschool-aged exceptional children and virtual school pupils, a pupil
29 enrolled in a district and attending special education and related services,
30 provided for by the district shall be counted as one pupil. A pupil enrolled
31 in a district and attending special education and related services provided
32 for by the district and also attending a virtual school shall be counted as
33 that proportion of one pupil (to the nearest $\frac{1}{10}$) that the pupil's attendance
34 at the non-virtual school bears to full-time attendance. A pupil enrolled in a
35 district and attending special education and related services for preschool-
36 aged exceptional children provided for by the district shall be counted as
37 $\frac{1}{2}$ pupil. A preschool-aged at-risk pupil enrolled in a district and receiving
38 services under an approved at-risk pupil assistance plan maintained by the
39 district shall be counted as $\frac{1}{2}$ pupil. A pupil in the custody of the secretary
40 of social and rehabilitation services or in the custody of the commissioner
41 of juvenile justice and enrolled in unified school district No. 259,
42 Sedgwick county, Kansas, but housed, maintained, and receiving
43 educational services at the Judge James V. Riddel Boys Ranch, shall be

1 counted as two pupils. Except as provided in section 1 of chapter 76 of the
2 2009 Session Laws of the state of Kansas, and amendments thereto, a
3 pupil in the custody of the secretary of social and rehabilitation services or
4 in the custody of the commissioner of juvenile justice and enrolled in
5 unified school district No. 409, Atchison, Kansas, but housed, maintained
6 and receiving educational services at the youth residential center located
7 on the grounds of the former Atchison juvenile correctional facility, shall
8 be counted as two pupils.

9 (3) A pupil residing at the Flint Hills job corps center shall not be
10 counted. A pupil confined in and receiving educational services provided
11 for by a district at a juvenile detention facility shall not be counted. A pupil
12 enrolled in a district but housed, maintained, and receiving educational
13 services at a state institution or a psychiatric residential treatment facility
14 shall not be counted.

15 (b) "Preschool-aged exceptional children" means exceptional
16 children, except gifted children, who have attained the age of three years
17 but are under the age of eligibility for attendance at kindergarten.

18 (c) "At-risk pupils" means pupils who are eligible for free meals
19 under the national school lunch act and who are enrolled in a district which
20 maintains an approved at-risk pupil assistance plan.

21 (d) "Preschool-aged at-risk pupil" means an at-risk pupil who has
22 attained the age of four years, is under the age of eligibility for attendance
23 at kindergarten, and has been selected by the state board in accordance
24 with guidelines consonant with guidelines governing the selection of
25 pupils for participation in head start programs.

26 (e) "Enrollment" means: (1) (A) Subject to the provisions of
27 paragraph (1)(B), for districts scheduling the school days or school hours
28 of the school term on a trimestral or quarterly basis, the number of pupils
29 regularly enrolled in the district on September 20 plus the number of
30 pupils regularly enrolled in the district on February 20 less the number of
31 pupils regularly enrolled on February 20 who were counted in the
32 enrollment of the district on September 20; and for districts not specified
33 in this paragraph (1), the number of pupils regularly enrolled in the district
34 on September 20; (B) a pupil who is a foreign exchange student shall not
35 be counted unless such student is regularly enrolled in the district on
36 September 20 and attending kindergarten or any of the grades one through
37 12 maintained by the district for at least one semester or two quarters or
38 the equivalent thereof;

39 (2) if enrollment in a district in any school year has decreased from
40 enrollment in the preceding school year, enrollment of the district in the
41 current school year means whichever is the greater of (A) enrollment in
42 the preceding school year minus enrollment in such school year of
43 preschool-aged at-risk pupils, if any such pupils were enrolled, plus

1 enrollment in the current school year of preschool-aged at-risk pupils, if
2 any such pupils are enrolled, ~~or~~ (B) *if any pupil enrolled in the preceding*
3 *school year of such school district is participating in the corporate*
4 *education tax credit scholarship program pursuant to section 1, et seq.,*
5 *and amendments thereto, during the current school year; adjusted*
6 *enrollment in the preceding school year of the pupils who were enrolled in*
7 *such school year plus the enrollment in such school year of preschool-*
8 *aged at-risk pupils, if any such pupils were enrolled, or (C) the sum of*
9 enrollment in the current school year of preschool-aged at-risk pupils, if
10 any such pupils are enrolled and the average (mean) of the sum of (i)
11 enrollment of the district in the current school year minus enrollment in
12 such school year of preschool-aged at-risk pupils, if any such pupils are
13 enrolled and (ii) enrollment in the preceding school year minus enrollment
14 in such school year of preschool-aged at-risk pupils, if any such pupils
15 were enrolled and (iii) enrollment in the school year next preceding the
16 preceding school year minus enrollment in such school year of preschool-
17 aged at-risk pupils, if any such pupils were enrolled; or

18 (3) the number of pupils as determined under K.S.A. 72-6447 or
19 K.S.A. 2012 Supp. 72-6448, and amendments thereto.

20 (f) "Adjusted enrollment" means: (1) Enrollment adjusted by adding
21 at-risk pupil weighting, program weighting, low enrollment weighting, if
22 any, high density at-risk pupil weighting, if any, medium density at-risk
23 pupil weighting, if any, nonproficient pupil weighting, if any, high
24 enrollment weighting, if any, declining enrollment weighting, if any,
25 school facilities weighting, if any, ancillary school facilities weighting, if
26 any, cost of living weighting, if any, special education and related services
27 weighting, and transportation weighting to enrollment; or (2) adjusted
28 enrollment as determined under K.S.A. 2012 Supp. 72-6457 or 72-6458,
29 and amendments thereto.

30 (g) "At-risk pupil weighting" means an addend component assigned
31 to enrollment of districts on the basis of enrollment of at-risk pupils.

32 (h) "Program weighting" means an addend component assigned to
33 enrollment of districts on the basis of pupil attendance in educational
34 programs which differ in cost from regular educational programs.

35 (i) "Low enrollment weighting" means an addend component
36 assigned to enrollment of districts pursuant to K.S.A. 72-6412, and
37 amendments thereto, on the basis of costs attributable to maintenance of
38 educational programs by such districts in comparison with costs
39 attributable to maintenance of educational programs by districts having to
40 which high enrollment weighting is assigned pursuant to K.S.A. 2012
41 Supp. 72-6442b, and amendments thereto.

42 (j) "School facilities weighting" means an addend component
43 assigned to enrollment of districts on the basis of costs attributable to

1 commencing operation of new school facilities.

2 (k) "Transportation weighting" means an addend component assigned
3 to enrollment of districts on the basis of costs attributable to the provision
4 or furnishing of transportation.

5 (l) "Cost of living weighting" means an addend component assigned
6 to enrollment of districts to which the provisions of K.S.A. 2012 Supp. 72-
7 6449, and amendments thereto, apply on the basis of costs attributable to
8 the cost of living in the district.

9 (m) "Ancillary school facilities weighting" means an addend
10 component assigned to enrollment of districts to which the provisions of
11 K.S.A. 72-6441, and amendments thereto, apply on the basis of costs
12 attributable to commencing operation of new school facilities. Ancillary
13 school facilities weighting may be assigned to enrollment of a district only
14 if the district has levied a tax under authority of K.S.A. 72-6441, and
15 amendments thereto, and remitted the proceeds from such tax to the state
16 treasurer. Ancillary school facilities weighting is in addition to assignment
17 of school facilities weighting to enrollment of any district eligible for such
18 weighting.

19 (n) "Juvenile detention facility" has the meaning ascribed thereto by
20 72-8187, and amendments thereto.

21 (o) "Special education and related services weighting" means an
22 addend component assigned to enrollment of districts on the basis of costs
23 attributable to provision of special education and related services for
24 pupils determined to be exceptional children.

25 (p) "Virtual school" means any school or educational program that:
26 (1) Is offered for credit; (2) uses distance-learning technologies which
27 predominately use internet-based methods to deliver instruction; (3)
28 involves instruction that occurs asynchronously with the teacher and pupil
29 in separate locations; (4) requires the pupil to make academic progress
30 toward the next grade level and matriculation from kindergarten through
31 high school graduation; (5) requires the pupil to demonstrate competence
32 in subject matter for each class or subject in which the pupil is enrolled as
33 part of the virtual school; and (6) requires age-appropriate pupils to
34 complete state assessment tests.

35 (q) "Declining enrollment weighting" means an addend component
36 assigned to enrollment of districts to which the provisions of K.S.A. 2012
37 Supp. 72-6451, and amendments thereto, apply on the basis of reduced
38 revenues attributable to the declining enrollment of the district.

39 (r) "High enrollment weighting" means an addend component
40 assigned to enrollment of districts pursuant to K.S.A. 2012 Supp. 72-
41 6442b, and amendments thereto, on the basis of costs attributable to
42 maintenance of educational programs by such districts as a correlate to low
43 enrollment weighting assigned to enrollment of districts pursuant to

1 K.S.A. 72-6412, and amendments thereto.

2 (s) "High density at-risk pupil weighting" means an addend
3 component assigned to enrollment of districts to which the provisions of
4 K.S.A. 2012 Supp. 72-6455, and amendments thereto, apply.

5 (t) "Nonproficient pupil" means a pupil who is not eligible for free
6 meals under the national school lunch act and who has scored less than
7 proficient on the mathematics or reading state assessment during the
8 preceding school year and who is enrolled in a district which maintains an
9 approved proficiency assistance plan.

10 (u) "Nonproficient pupil weighting" means an addend component
11 assigned to enrollment of districts on the basis of enrollment of
12 nonproficient pupils pursuant to K.S.A. 2012 Supp. 72-6454, and
13 amendments thereto.

14 (v) "Psychiatric residential treatment facility" has the meaning
15 ascribed thereto by K.S.A. 72-8187, and amendments thereto.

16 (w) "Medium density at-risk pupil weighting" means an addend
17 component assigned to enrollment of districts to which the provisions of
18 K.S.A. 2012 Supp. 72-6459, and amendments thereto, apply.

19 Sec. 10. K.S.A. 2012 Supp. 79-32,138 is hereby amended to read as
20 follows: 79-32,138. (a) Kansas taxable income of a corporation taxable
21 under this act shall be the corporation's federal taxable income for the
22 taxable year with the modifications specified in this section.

23 (b) There shall be added to federal taxable income: (i) The same
24 modifications as are set forth in subsection (b) of K.S.A. 79-32,117, and
25 amendments thereto, with respect to resident individuals, except
26 subsections (b)(xix), (b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii).

27 (ii) The amount of all depreciation deductions claimed for any
28 property upon which the deduction allowed by K.S.A. 2012 Supp. 79-
29 32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-
30 32,255 or 79-32,256, and amendments thereto, is claimed.

31 (iii) The amount of any charitable contribution deduction claimed for
32 any contribution or gift to or for the use of any racially segregated
33 educational institution.

34 (iv) *The amount of any charitable contribution deduction claimed for*
35 *any contribution or gift made to a scholarship granting organization to the*
36 *extent the same is claimed as the basis for the credit allowed pursuant to*
37 *section 7, and amendments thereto.*

38 (c) There shall be subtracted from federal taxable income: (i) The
39 same modifications as are set forth in subsection (c) of K.S.A. 79-32,117,
40 and amendments thereto, with respect to resident individuals, except
41 subsection (c)(xx).

42 (ii) The federal income tax liability for any taxable year commencing
43 prior to December 31, 1971, for which a Kansas return was filed after

1 reduction for all credits thereon, except credits for payments on estimates
2 of federal income tax, credits for gasoline and lubricating oil tax, and for
3 foreign tax credits if, on the Kansas income tax return for such prior year,
4 the federal income tax deduction was computed on the basis of the federal
5 income tax paid in such prior year, rather than as accrued. Notwithstanding
6 the foregoing, the deduction for federal income tax liability for any year
7 shall not exceed that portion of the total federal income tax liability for
8 such year which bears the same ratio to the total federal income tax
9 liability for such year as the Kansas taxable income, as computed before
10 any deductions for federal income taxes and after application of
11 subsections (d) and (e) of this section as existing for such year, bears to the
12 federal taxable income for the same year.

13 (iii) An amount for the amortization deduction allowed pursuant to
14 K.S.A. 2012 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-
15 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto.

16 (iv) For all taxable years commencing after December 31, 1987, the
17 amount included in federal taxable income pursuant to the provisions of
18 section 78 of the internal revenue code.

19 (v) For all taxable years commencing after December 31, 1987, 80%
20 of dividends from corporations incorporated outside of the United States
21 or the District of Columbia which are included in federal taxable income.

22 (d) If any corporation derives all of its income from sources within
23 Kansas in any taxable year commencing after December 31, 1979, its
24 Kansas taxable income shall be the sum resulting after application of
25 subsections (a) through (c) hereof. Otherwise, such corporation's Kansas
26 taxable income in any such taxable year, after excluding any refunds of
27 federal income tax and before the deduction of federal income taxes
28 provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-
29 3271 to K.S.A. 79-3293, inclusive, and amendments thereto, plus any
30 refund of federal income tax as determined under paragraph (iv) of
31 subsection (b) of K.S.A. 79-32,117, and amendments thereto, and minus
32 the deduction for federal income taxes as provided by subsection (c)(ii)
33 shall be such corporation's Kansas taxable income.

34 (e) A corporation may make an election with respect to its first
35 taxable year commencing after December 31, 1982, whereby no addition
36 modifications as provided for in subsection (b)(ii) of K.S.A. 79-32,138,
37 and amendments thereto, and subtraction modifications as provided for in
38 subsection (c)(iii) of K.S.A. 79-32,138, and amendments thereto, as those
39 subsections existed prior to their amendment by this act, shall be required
40 to be made for such taxable year.

41 Sec. 11. K.S.A. 2012 Supp. 72-6407 and 79-32,138 are hereby
42 repealed.

43 Sec. 12. This act shall take effect and be in force from and after its

- 1 publication in the statute book.