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

New Section 1. The provisions of sections 1 through 27, and amendments thereto, shall be known and may be cited as the Kansas public charter school act.

New Sec. 2. (a) The legislature hereby finds and declares the following:
   (1) The state of Kansas recognizes the establishment of public charter schools as necessary to improving the opportunities of all families to choose the public school that meets the needs of their children, and believes that public charter schools serve a distinct purpose in supporting innovations and best practices that can be adopted among all public schools.
   (2) The state of Kansas recognizes that there must be a variety of public institutions that can authorize the establishment of public charter schools as defined by law, and recognizes that independent but publicly accountable multiple authorizing authorities, such as independent state entities or universities, contribute to the health and growth of strong and innovative public charter schools.
(b) The legislature hereby finds and declares that the purpose of this act is to do the following:
   (1) Allow the creation of innovative public charter schools which may operate independently of state laws or rules and regulations, other than those specified in this act, deemed by the public charter school authorizer to hinder its goals to achieve at the highest level possible;
   (2) establish that existing or new public entities may be created to approve and monitor public charter schools in addition to unified school district school boards; and
   (3) remove procedural and funding barriers to public charter school success.

New Sec. 3. As used in sections 1 through 27, and amendments
(a) "Department" means the department of education.
(b) "Educational management organization" means a partnership, nonprofit or business corporation, or any other association, corporation, trust, or other legal entity that enters into a management agreement with a public charter school.
(c) "Governing board" means the independent board of a public charter school that is party to the charter contract with the authorizer and whose members have been elected or selected pursuant to such school's petition.
(d) "Local board of education" means a local board of education exercising management and control of a school district pursuant to state law.
(e) "Management agreement" means an agreement to provide comprehensive educational, administrative, management, or instructional services or staff to a public charter school.
(f) "Postsecondary educational institution" and "private postsecondary educational institution" shall have the same meanings as those terms are defined in K.S.A. 74-3201b, and amendments thereto.
(g) "Public charter school" means any school, whether newly established or already existing, including any online school, that is approved by a public charter school authorizer to operate as a public charter school under the provisions of sections 1 through 27, and amendments thereto.
(h) "Public charter school applicant" or "applicant" means an eligible person, organization or other entity that seeks approval from a public charter school authorizer to operate a public charter school.
(i) "Public charter school authorizer" or "authorizer" means an entity or body established in section 4, and amendments thereto, to approve and oversee public charter schools.
(j) "School district" means any unified school district organized and operating under the laws of this state.
(k) "State board" means the state board of education created by article 6 of the constitution of Kansas.

New Sec. 4. (a) Any entity desiring to be a public charter school authorizer may apply to the state board of education for a grant of authority to be an authorizer. The application shall be submitted in the form and manner prescribed by the state board. Such application shall include the following:
(1) Notification of intent to serve as a public charter school authorizer in accordance with sections 1 through 27, and amendments thereto;
(2) a description of the entity's strategic vision for authorizing public charter schools;
(3) a description of the entity's budget, personnel and commitment to execute the duties and functions of authorizing public charter schools;
(4) a description of the petition process that the entity, if approved, would use in determining whether to authorize a public charter school;
(5) a description of the performance framework that the entity, if approved, would use to guide the formation of a charter contract and for ongoing oversight and evaluation of public charter schools authorized by such entity;
(6) a description of the entity's charter renewal, revocation and nonrenewal procedures;
(7) a statement of assurance that the entity seeks to serve as an authorizer in fulfillment of the expectations, spirit and intent of sections 1 through 26, and amendments thereto; and
(8) a statement that the entity will ensure public accountability and transparency in all matters concerning authorizer practices, decisions and expenditures.

(b) (1) The state board shall review the application to determine compliance with the provisions of subsection (a). If the application is determined to be in compliance with subsection (a), the state board shall approve the application and grant such entity authority to authorize public charter schools. The state board shall notify the entity of such approval within 30 days following the date the application was submitted.
(2) If the state board determines such application is not in compliance with subsection (a), the state board shall deny the application. The state board shall send a notification of denial to the entity and shall specify the reasons therefor. Within 30 days from the date such notification is sent, the entity may submit a request to the state board for reconsideration of the application and may submit an amended application with such request. The state board shall act on the request for reconsideration within 30 days of receipt of the request.

(c) The following entities may be granted authority to authorize public charter schools:
(1) The state board;
(2) the state board of regents established by K.S.A. 74-3202a, and amendments thereto;
(3) the governing board of any public or private postsecondary educational institution;
(4) the local board of education; and
(5) the governing body of any city or county.

New Sec. 5. Any local board of education that is operating a public charter school on or before the effective date of this act and intends to continue the operation of such public charter school shall be deemed an authorizer by the state board and shall have the authority to authorize any
additional public charter schools within the boundaries of the school
district governed by such local board of education.

New Sec. 6. (a) Within 30 days after an authorizer is approved to
authorize public charter schools pursuant to section 4, and amendments
thereto, such authorizer and the local board of education of any school
district in which such authorizer intends to authorize public charter schools
shall enter into an agreement whereby such authorizer shall agree to abide
by the provisions of sections 1 through 27, and amendments thereto, and
the local board of education shall agree that such authorizer has the
authority to authorize public charter schools. Such agreement shall not
contain any provision that is in conflict with provisions of sections 1
through 27, and amendments thereto. Such agreement shall remain in
force and effect for so long as such authorizer is granted the authority to
authorize public charter schools.

(b) In the event an authorizer desires to authorize a public charter
school within the boundaries of a school district other than those districts
described in subsection (a), then such authorizer and the local board of
education of such school district shall enter into an agreement as described
in subsection (a). Such agreement shall be entered into within 30 days
from the date such authorizer notifies the local board of education of its
intent to authorize a public charter school within the boundaries of such
school district.

New Sec. 7. (a) Public charter school authorizers shall have the
following powers and duties:

(1) Soliciting and evaluating public charter school petitions;
(2) approving public charter school petitions that meet identified
educational needs, promote a diversity of educational choices and satisfy
the requirements of sections 1 through 27, and amendments thereto;
(3) denying public charter school petitions that fail to satisfy the
requirements of sections 1 through 27, and amendments thereto, or the
petition criteria established by the authorizer;
(4) negotiating and executing charter contracts with each approved
public charter school applicant;
(5) monitoring, in accordance with charter contract terms, the
performance and legal compliance of public charter schools approved by
the authorizer; and
(6) determining whether each charter contract merits renewal,
nonrenewal or revocation.

(c) The power of an authorizer to oversee and regulate public charter
schools shall be limited to those powers and duties specified in sections 1
through 27, and amendments thereto, and shall be consistent with the spirit
and intent of sections 1 through 27, and amendments thereto.

(d) An authorizer may enter into an agreement with any other person
or entity for such person or entity to assume the duties and functions of the
authorizer established by sections 1 through 27, and amendments thereto,
provided such agreement shall expressly provide that such person or entity
shall remain at all times under the direction of the authorizer with respect
to such duties and functions.

(e) Each authorizer shall annually report to the state board, the
governor and the legislature on the progress of public charter schools
authorized by such authorizer. Such report shall include:

(1) The number of public charter schools authorized during the
preceding calendar year, and a brief description of each such school;
(2) the academic progress of pupils attending public charter schools
authorized by such authorizer;
(3) a comparison of the test scores on the math and reading state
assessments of the pupils attending public charter schools authorized by
such authorizer with the disaggregated test scores on the same assessments
of those pupils attending schools in the school district in which such public
charter schools are located that are reasonably reflective of the
composition of such public charter schools; and
(4) such other information as the authorizer deems necessary.

New Sec. 8. In the event 30% or more of the public charter schools
authorized by an authorizer do not meet standards on the math and reading
state assessments, or an equivalent standard adopted by the state board, for
three consecutive school years, such authorizer shall not authorize any
additional public charter schools until such time as such percentage is less
than 30%.

New Sec. 9. All public charter schools in operation on or before the
effective date of this act shall not be required to submit an application for
approval under section 10, and amendments thereto. On and after the
effective date of this section such public charter school shall be subject to
the provisions for renewal of a charter under section 11, and amendments
thereto, and the provisions for termination of a charter under section 19,
and amendments thereto.

New Sec. 10. (a) Each public charter school authorizer shall establish
a charter petition process and timeline that complies with the requirements
of the provisions of sections 1 through 27, and amendments thereto, while
optimizing effective review of such authorizer's proposed public charter
schools and oversight of such authorizer's approved public charter schools.

(b) A public charter school applicant shall submit a written
application to an authorizer. Such application shall be submitted in such
form and manner as prescribed by the authorizer and shall include:

(1) The mission statement of the public charter school;
(2) a description of the educational programs of the proposed public
charter school and how such programs will meet or exceed the student
performance standards adopted by the state board;

(3) a description of student achievement goals and the chosen methods of evaluating attainment of such goals;

(4) the proposed governance structure of the public charter school, including:

(A) A list of members of the initial governing board;

(B) a description of the qualifications;

(C) terms and method of appointment or election of members of the governing board;

(D) the organizational structure of the public charter school; and

(E) the processes to be followed by the public charter school to promote parental and staff involvement in school governance;

(5) admission policies and procedures, which shall be consistent with section 12, and amendments thereto;

(6) a proposed budget and fiscal plan for the public charter school, including supporting evidence that the fiscal plan is sound and that sufficient start-up funds will be available to the public charter school;

(7) requirements and procedures for programmatic and independent fiscal audits to be conducted at least annually along with such other audits which are comparable in scope to audits required of school districts;

(8) the hiring and personnel policies and procedures of the public charter school, including the qualifications to be used in the hiring of teachers, school administrators and other school employees, and a description of staff responsibilities;

(9) the policies and procedures for disciplining students including, but not limited to, expulsion or suspension from the public charter school, which shall be consistent with the requirements of due process and with federal laws and regulations governing the placement of students with disabilities;

(10) information regarding the facilities to be used by the public charter school, including the location of the school, if known, and the means by which pupils will be transported to and from the school. If the facilities to be used by the proposed school are not known at the time the application is submitted, the applicant shall notify the public charter school authorizer within ten business days of acquiring facilities for such school, provided that the public charter school shall obtain a certificate of occupancy for such facilities prior to the date on which instruction is to commence at the school;

(11) a description of the ages and grade levels to be served by the public charter school;

(12) the identity, including the name, address and occupation, of all persons listed on the application and the proposed members of the governing board;
(13) the criteria by which the public charter school shall be held accountable both financially and with respect to academic progress to the authorizer;
(14) the type and amount of any insurance coverage to be obtained by the public charter school, including, but not limited to, coverage for general liability, property loss and personal injury;
(15) a description of the health and food services to be provided to students;
(16) the methods and strategies for serving students with disabilities in compliance with all federal laws and regulations relating thereto;
(17) the procedures to be followed in the case of the closure or dissolution of the public charter school, including provisions for the transfer of students and student records to the appropriate school, and the disposition of the public charter school's assets;
(18) if the school serves grade 12, the requirements for the granting of a diploma; and
(19) a code of ethics for the public charter school.

(c) (1) Any public charter school application received by a public charter school authorizer shall be reviewed by such authorizer and such authorizer shall approve or deny such application within 90 days from the date such application was submitted.

(2) If an application is approved, the authorizer shall notify the applicant in writing within 15 days of such approval, and a charter contract shall be entered into within 30 days from the date such application was approved.

(3) If an application is denied by the authorizer, the authorizer shall notify the applicant in writing within 15 days of such denial. The applicant may request reconsideration of the application by the authorizer and may submit an amended application with such request.

New Sec. 11. The initial term of a charter contract shall be five years. After the initial term, a charter contract shall be automatically extended for one year, provided the three-year rolling average of test scores on math and reading state assessments of the pupils attending such public charter school are at least equal to the three-year rolling average of such test scores of the pupils attending a school in the same school district in which such public charter school is located when such comparison is based on the test scores of pupils with the same or nearly the same demographic profile.

New Sec. 12. (a) Except as otherwise provided in section 8, and amendments thereto, there is no limit to the number of public charter schools that may be authorized pursuant to the provisions of sections 1 through 27, and amendments thereto.

(b) (1) A public charter school shall be open to any student residing in
the state.

(2) A public charter school shall not limit admission based on ethnicity, national origin, religion, gender, income level, disabling condition, proficiency in the English language or academic or athletic ability.

(3) A public charter school may limit admission to students within a given age group or grade level and may be organized around a special emphasis, theme or concept as stated in the school's application.

(4) A public charter school shall enroll all students who wish to attend the school, unless the number of students exceeds the capacity of a program, class, grade level or building. If capacity is insufficient to enroll all students wanting to attend the school, the public charter school shall select students through a lottery.

(5) Any public school converting to a public charter school shall adopt and maintain a policy giving enrollment preference to students who reside within the former attendance area of such public school.

(6) A public charter school shall give enrollment preference to students enrolled in the public charter school the previous school year and to siblings of students already enrolled in the public charter school. An enrollment preference for returning students excludes those students from entering into a lottery. A public charter school may give enrollment preference to children of a public charter school's founders, members of the governing board and full-time employees, provided such students constitute no more than 10% of the school's total student enrollment.

(c) This section does not preclude the formation of a public charter school whose mission is focused on serving students with disabilities, students of the same gender, students who pose such severe disciplinary problems that such students warrant a specific educational program or students who are at risk of academic failure. If capacity is insufficient to enroll all students wanting to attend such school, the public charter school shall select students through a lottery.

New Sec. 13. (a) A public charter school shall be a public school and is part of the state's system of public education.

(b) A public charter school shall be subject to all federal and state laws prohibiting discrimination on the basis of disability, race, creed, color, gender, national origin, religion, ancestry or need for special education services.

(c) Except as otherwise provided, a public charter school shall be exempt from all laws and rules and regulations that are otherwise applicable to public schools in this state.

(d) A public charter school shall be subject to all laws and rules and regulations pertaining to the state assessment program established by the state board.
(e) A public charter school shall be subject to all laws providing for student health, safety and welfare.

(f) A public charter school and the governing boards thereof shall be subject to the Kansas open meetings act and the Kansas open records act.

New Sec. 14. (a) A public charter school shall function as a local educational agency. A public charter school shall meet all requirements of local educational agencies under federal law, including all laws pertaining to special education. A public charter school's status as a local educational agency shall not preclude such school from contracting with school districts for services, resources or programs, or from otherwise forming partnerships with school districts for such services, resources or programs.

(b) The identification of special education needs and the provision of special education services for enrolled students shall be the responsibility of the public charter school. If a student's individualized education program team determines that the student's needs cannot be met in the public charter school and the public charter school cannot provide a free and appropriate public education to that student, then the school district in which the student resides shall place the student in accordance with the individualized education program.

New Sec. 15. (a) A public charter school shall have the following powers:

(1) To receive and disburse funds for school purposes;

(2) To secure appropriate insurance and to enter into contracts and leases, which shall not be subject to prevailing wage laws;

(3) To contract with an education service provider for the management and operation of the public charter school, provided the school's governing board retains oversight authority over the school;

(4) To incur debt in reasonable anticipation of the receipt of public or private funds;

(5) To pledge, assign or encumber its assets to be used as collateral for loans or extensions of credit;

(6) To solicit and accept any gifts or grants for school purposes subject to all applicable laws and the terms of the charter contract;

(7) To acquire real property for use as its facility or facilities, from public or private sources;

(8) To sue and be sued in its own name; and

(9) Any other powers the governing board deems necessary to carry out the duties and functions of the public charter school under the charter contract, provided such powers are consistent with the provisions of sections 1 through 27, and amendments thereto.

(b) A public charter school shall not discriminate against any person on the basis of race, creed, color, sex, disability, national origin or any other category that would be unlawful if done by a public school. A public
charter school shall not discriminate against any student on the basis of national origin, minority status or limited proficiency in English. Consistent with federal civil rights laws, public charter schools shall provide limited English proficient students with appropriate services designed to teach them English and the general curriculum.

(c) No public charter school may engage in any sectarian practices in its educational program, admissions or employment policies or operations.

(d) A public charter school shall not charge tuition and may only charge such fees as may be imposed by public schools.

New Sec. 16. A public charter school shall be eligible to participate in any state board or school district sponsored interscholastic leagues, competitions, awards, scholarships and recognition programs for students, teachers, administrators and schools to the same extent as public schools.

New Sec. 17. (a) In accordance with section 13, and amendments thereto, teachers in public charter schools shall be exempt from the teacher certification requirements established by the state board.

(b) Except as otherwise provided in sections 1 through 27, and amendments thereto, employees in public charter schools shall have the same rights and privileges as employees employed by school districts, including, but not limited to, participation in the Kansas public employees retirement system, health insurance and other benefits programs, provided the public charter school chooses to participate in such programs.

(c) Teachers and other school personnel, including members of the governing board, shall be subject to the same criminal history record checks and fingerprinting requirements applicable to employees employed by school districts.

(d) Public charter school employees shall not be required to be members of any existing collective bargaining agreement between a school district and its employees. A public charter school shall not interfere with laws and other applicable rules protecting the rights of employees to organize and be free from discrimination. The provisions of article 54 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, shall not apply to any contract, or other agreement for services between the governing board of a public charter school and any such school's employees.

New Sec. 18. The governing board of a public charter school may enter into or renew a management agreement with an educational management organization to carry out the operations of the public charter school.

New Sec. 19. (a) The authorizer may terminate a charter contract upon the occurrence of any of the following:

(1) The public charter school fails to automatically qualify for renewal of the charter contract under section 11, and amendments thereto;
(2) the public charter school fails to improve in the percentage of high school graduates of such public charter school that have enlisted in military service or completed a postsecondary educational certificate program or degree program as determined by the national student clearinghouse, or other postsecondary educational program completion database utilized by such public charter school;

(3) a serious violation of law by the public charter school or any officer, director or administrator thereof;

(4) a material and substantial violation of the charter contract, including fiscal mismanagement; or

(5) a determination that the public charter school demonstrates a practice and pattern of egregious and intentional violations of any provision of law from which the public charter school is not exempted.

(b) Notice of an authorizer's intent to revoke a public charter shall be provided to the governing board of a public charter school at least 30 days prior to the effective date of the proposed revocation. Such notice shall include a statement of reasons for the proposed revocation. The public charter school shall be allowed at least 30 days to correct the problems associated with the proposed revocation. Prior to revocation of the charter, a public charter school shall be provided an opportunity to be heard, consistent with the requirements of due process. Upon the termination of a charter, the public charter school shall proceed with dissolution pursuant to the procedures contained in the charter contract and at the direction of the public charter authorizer.

(c) In addition, the public charter school authorizer may place a charter school on probationary status to allow the implementation of a remedial action plan. The failure of a public charter school to comply with the terms and conditions of a remedial action plan may result in summary revocation of the school's charter contract.

(d) If a charter contract is not renewed or is terminated, the public charter school shall be liable for all debts of such public charter school.

New Sec. 20. (a) Each authorizer shall certify under oath to the state board a report showing the total enrollment of all of the public charter schools under the oversight of such authorizer. Such report shall be prepared and submitted in accordance with K.S.A. 72-6419, and amendments thereto.

(b) (1) For a public charter school authorized by a school district, the school district shall pay to the public charter school an amount equal to the total enrollment of the public charter school multiplied by the general state aid per pupil plus the supplemental general state aid per pupil received by the school district pursuant to K.S.A. 72-6405 et seq., and amendments thereto.

(2) For purposes of this subsection and for calculating enrollment
pursuant to K.S.A. 72-6405 et seq., and amendments thereto, a school
district shall continue to count any student attending a public charter
school authorized by such school district as a pupil of the school district.

(c) (1) For each student enrolled in a public charter school authorized
by an authorizer other than a school district, the state board shall distribute
an amount equal to the general state aid per pupil plus the supplemental
general state aid per pupil such student's resident school district would
otherwise be entitled to receive if such student were enrolled in the
resident school district pursuant to K.S.A. 72-6405 et seq., and
amendments thereto, to the authorizer of the public charter school where
such student is enrolled. The authorizer shall pay to each public charter
school under its oversight an amount equal to the distribution received by
such authorizer from the state board based on the enrollment of such
public charter school.

(2) For purposes of this subsection and for calculating enrollment
pursuant to K.S.A. 72-6405 et seq., and amendments thereto, a resident
school district shall not count any student attending a public charter school
as a pupil of such resident school district.

(3) For purposes of this subsection, "resident school district" means
the school district in which the student resides and would otherwise be
enrolled if the student were not enrolled in a public charter school.

(d) Distributions made by the state board pursuant to subsection (c)
shall be made at the same time as general state aid distributions and shall
be made in accordance with the provisions of K.S.A. 72-6417, and
amendments thereto.

(e) Except as otherwise provided in subsection (f), payments by
authorizers required by this section shall be made in 12 substantially equal
payments on the first day of each month. If any authorizer fails to make a
payment required by this section, the state board shall deduct the amount
of such underpayment from the amount to be distributed to the authorizer
and shall pay such amount directly to the public charter school that is
entitled to receive such funds.

(f) Amounts payable to a public charter school during its first year of
operations shall be based on first year enrollment projections as
established in the charter contract. Such projections shall be reconciled
with the actual enrollment of the public charter school and any necessary
adjustments shall be made to the payments made to the public charter
school during the remainder of the first year of operation. At least 90 days
prior to the first day of instruction, a public charter school shall receive an
amount equal to $1/3 of the aggregate amount of funds such public charter
school is entitled to receive under this section based on first year
enrollment projections. The remaining $2/3 of the aggregate amount of such
funds shall be paid in 12 substantially equal payments on the first day of
each month of such year. In the event a public charter school fails to open
as provided in the charter contract, the authorizer of such public charter
school shall pay that amount of money advanced to such public charter
school prior to the first day of instruction pursuant to this subsection to the
state board. Upon receipt of such money, the state board shall deposit the
entire amount in the state treasury to the credit of the state school finance
fund.

(g) The provisions of this section shall not apply to any public charter
school in operation on or before the effective date of this act, and any such
public charter school shall continue to be funded in the same manner as
such public charter school was funded prior to the effective date of this act.

New Sec. 21. (a) Public charter schools shall be entitled to special
education and related services state aid pursuant to K.S.A. 72-978, and
amendments thereto, and catastrophic state aid pursuant to K.S.A. 72-983,
and amendments thereto, as though such public charter school were a
school district.

(b) Any state aid paid to a public charter school pursuant to this
section shall be paid in accordance with K.S.A. 72-979, and amendments
thereto.

New Sec. 22. (a) Every public charter school shall maintain a system
of accounts, including receipts and expenditures, that is in accordance with
either governmental accounting standards board rules or generally
accepted accounting principles. Each public charter school shall have its
financial records audited annually by an independent auditor. The cost of
the audit shall be borne solely by the public charter school.

(b) Within 30 days after receipt of any financial audit report made
pursuant to this section, the public charter school shall submit a copy of
such report, along with any other information provided by the auditor, to
the authorizer of such public charter school.

New Sec. 23. Any funds received by a public charter school from any
source and remaining in an account held by the public charter school at the
end of the fiscal year shall remain in such account and be expended by
such public charter school in any subsequent fiscal year.

New Sec. 24. Nothing in sections 1 through 27, and amendments
thereto, shall be construed to prohibit any individual or organization from
providing funding or other assistance in establishing or operating a public
charter school. The governing board of a public charter school may accept
gifts, donations and grants of any kind made to the public charter school.
The public charter school shall expend or use such gifts, donations or
grants in accordance with the conditions prescribed by the donor, provided
that no gift, donation or grant may be accepted and expended if subject to
a condition that is in direct conflict with any provision of law or term of
the charter contract.
New Sec. 25. The provisions of sections 1 through 27, and amendments thereto, should be interpreted liberally to support the findings and purposes of this section and to advance a renewed commitment by the state to the mission, goals and diversity of public education.

New Sec. 26. Notwithstanding any provision of law to the contrary, to the extent that any provision of sections 1 through 27, and amendments thereto, is inconsistent with any other state or local law, rule or regulation, the provisions of sections 1 through 27, and amendments thereto, shall govern and be controlling.

New Sec. 27. If any provisions of sections 1 through 27, and amendments thereto, or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of sections 1 through 27, and amendments thereto, which can be given effect without the invalid provisions or application and, to this end, the provisions of sections 1 through 27, and amendments thereto, are severable.

New Sec. 28. (a) There shall be allowed a credit against the 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, 2012, an amount equal to 100% of the amount contributed to a school district or public charter school, as defined in section 3, and amendments thereto.

(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 the school district or public charter school.

(c) 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.

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

Sec. 29. K.S.A. 2012 Supp. 72-6407 is hereby amended to read as follows: 72-6407. (a) (1) "Pupil" means any person who is regularly enrolled in a district and attending kindergarten or any of the grades one
through 12 maintained by the district or who is regularly enrolled in a
district and attending kindergarten or any of the grades one through 12 in
another district in accordance with an agreement entered into under
authority of K.S.A. 72-8233, and amendments thereto, or who is regularly
enrolled in a district and attending special education services provided for
preschool-aged exceptional children by the district.

(2) Except as otherwise provided in paragraph (3) or (4) of this
subsection, a pupil in attendance full time shall be counted as one pupil. A
pupil in attendance part time shall be counted as that proportion of one
pupil (to the nearest 1/10) that the pupil's attendance bears to full-time
attendance. A pupil attending kindergarten shall be counted as 1/2 pupil. A
pupil enrolled in and attending an institution of postsecondary education
which is authorized under the laws of this state to award academic degrees
shall be counted as one pupil if the pupil's postsecondary education
enrollment and attendance together with the pupil's attendance in either of
the grades 11 or 12 is at least 5/6 time, otherwise the pupil shall be counted
as that proportion of one pupil (to the nearest 1/10) that the total time of the
pupil's postsecondary education attendance and attendance in grade 11 or
12, as applicable, bears to full-time attendance. A pupil enrolled in and
attending an area vocational school, area vocational-technical school or
approved vocational education program shall be counted as one pupil if the
pupil's vocational education enrollment and attendance together with the
pupil's attendance in any of grades nine through 12 is at least 5/6 time,
otherwise the pupil shall be counted as that proportion of one pupil (to the
nearest 1/10) that the total time of the pupil's vocational education
attendance and attendance in any of grades nine through 12 bears to full-
time attendance. A pupil enrolled in a district and attending a non-virtual
school and also attending a virtual school shall be counted as that
proportion of one pupil (to the nearest 1/10) that the pupil's attendance at the
non-virtual school bears to full-time attendance. Except as provided by this
section for preschool-aged exceptional children and virtual school pupils, a
pupil enrolled in a district and attending special education and related
services, provided for by the district shall be counted as one pupil. A pupil
enrolled in a district and attending special education and related services
provided for by the district and also attending a virtual school shall be
counted as that proportion of one pupil (to the nearest 1/10) that the pupil's
attendance at the non-virtual school bears to full-time attendance. A pupil
enrolled in a district and attending special education and related services
for preschool-aged exceptional children provided for by the district shall
be counted as 1/2 pupil. A preschool-aged at-risk pupil enrolled in a district
and receiving services under an approved at-risk pupil assistance plan
maintained by the district shall be counted as 1/2 pupil. A pupil in the
custody of the secretary of social and rehabilitation services or in the
custody of the commissioner of juvenile justice and enrolled in unified
school district No. 259, Sedgwick county, Kansas, but housed, maintained,
and receiving educational services at the Judge James V. Riddel Boys
Ranch, shall be counted as two pupils. Except as provided in section 1 of
chapter 76 of the 2009 Session Laws of the state of Kansas, and
amendments thereto, a pupil in the custody of the secretary of social and
rehabilitation services or in the custody of the commissioner of juvenile
justice and enrolled in unified school district No. 409, Atchison, Kansas,
but housed, maintained and receiving educational services at the youth
residential center located on the grounds of the former Atchison juvenile
correctional facility, shall be counted as two pupils.

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

(4) A pupil enrolled in a public charter school authorized by an
authorizer other than the school district shall not be counted.

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

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

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

(e) "Enrollment" means: (1) (A) Subject to the provisions of
paragraph (1)(B), for districts scheduling the school days or school hours
of the school term on a trimestral or quarterly basis, the number of pupils
regularly enrolled in the district on September 20 plus the number of
pupils regularly enrolled in the district on February 20 less the number of
pupils regularly enrolled on February 20 who were counted in the
enrollment of the district on September 20; and for districts not specified
in this paragraph (1), the number of pupils regularly enrolled in the district
on September 20.

(B) A pupil who is a foreign exchange student shall not be counted
unless such student is regularly enrolled in the district on September 20
and attending kindergarten or any of the grades one through 12 maintained
by the district for at least one semester or two quarters or the equivalent
thereof;

(2) if enrollment in a district in any school year has decreased from enrollment in the preceding school year, enrollment of the district in the current school year means whichever is the greater of: (A) Enrollment in the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled, plus enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled; or (B) the sum of enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled and the average (mean) of the sum of: (i) Enrollment of the district in the current school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils are enrolled and; (ii) enrollment in the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled; and (iii) enrollment in the school year next preceding the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled; or

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

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

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

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

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

(j) "School facilities weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to
commencing operation of new school facilities.

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

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

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

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

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

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

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

(r) "High enrollment weighting" means an addend component assigned to enrollment of districts pursuant to K.S.A. 2012 Supp. 72-6442b, and amendments thereto, on the basis of costs attributable to maintenance of educational programs by such districts as a correlate to low enrollment weighting assigned to enrollment of districts pursuant to
K.S.A. 72-6412, and amendments thereto.

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

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

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

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

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

Sec. 30. K.S.A. 2012 Supp. 79-32,117 is hereby amended to read as follows: 79-32,117. (a) The Kansas adjusted gross income of an individual means such individual's federal adjusted gross income for the taxable year, with the modifications specified in this section.

(b) There shall be added to federal adjusted gross income:

(i) Interest income less any related expenses directly incurred in the purchase of state or political subdivision obligations, to the extent that the same is not included in federal adjusted gross income, on obligations of any state or political subdivision thereof, but to the extent that interest income on obligations of this state or a political subdivision thereof issued prior to January 1, 1988, is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations, it shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income. Interest income on obligations of this state or a political subdivision thereof issued after December 31, 1987, shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

(ii) Taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state or any other taxing jurisdiction to the extent deductible in determining federal adjusted gross income and not credited against federal income tax. This paragraph shall not apply to taxes imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amendments thereto, for privilege tax year 1995, and all such years thereafter.
(iii) The federal net operating loss deduction.

(iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during a prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate of taxation applied in such prior year to the Kansas taxable income, but only that portion of the refund shall be included as bears the same proportion to the total refund received as the federal taxes deducted in the year to which such refund is attributable bears to the total federal income taxes paid for such year. For purposes of the foregoing sentence, federal taxes shall be considered to have been deducted only to the extent such deduction does not reduce Kansas taxable income below zero.

(v) The amount of any depreciation deduction or business expense deduction claimed on the taxpayer's federal income tax return for any capital expenditure in making any building or facility accessible to the handicapped, for which expenditure the taxpayer claimed the credit allowed by K.S.A. 79-32,177, and amendments thereto.

(vi) Any amount of designated employee contributions picked up by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965, and amendments thereto.

(vii) The amount of any charitable contribution made to the extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-32,196, and amendments thereto.

(viii) The amount of any costs incurred for improvements to a swine facility, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2012 Supp. 79-32,204, and amendments thereto.

(ix) The amount of any ad valorem taxes and assessments paid and the amount of any costs incurred for habitat management or construction and maintenance of improvements on real property, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203, and amendments thereto.

(x) Amounts received as nonqualified withdrawals, as defined by K.S.A. 2012 Supp. 75-643, and amendments thereto, if, at the time of contribution to a family postsecondary education savings account, such amounts were subtracted from the federal adjusted gross income pursuant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amendments
thereto, or if such amounts are not already included in the federal adjusted gross income.

(xi) The amount of any contribution made to the same extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 2012 Supp. 74-50,154, and amendments thereto.

(xii) For taxable years commencing after December 31, 2004, amounts received as withdrawals not in accordance with the provisions of K.S.A. 2012 Supp. 74-50,204, and amendments thereto, if, at the time of contribution to an individual development account, such amounts were subtracted from the federal adjusted gross income pursuant to paragraph (xiii) of subsection (c), or if such amounts are not already included in the federal adjusted gross income.

(xiii) The amount of any expenditures claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2012 Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

(xiv) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2012 Supp. 79-32,221, and amendments thereto.


(xvii) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2012 Supp. 79-32,256, and amendments thereto.

(xviii) For taxable years commencing after December 31, 2006, the amount of any ad valorem or property taxes and assessments paid to a state other than Kansas or local government located in a state other than Kansas by a taxpayer who resides in a state other than Kansas, when the law of such state does not allow a resident of Kansas who earns income in such other state to claim a deduction for ad valorem or property taxes or assessments paid to a political subdivision of the state of Kansas in determining taxable income for income tax purposes in such other state, to
the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

(xix) For all taxable years beginning after December 31, 2012, the amount of any: (1) Loss from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) loss from rental real estate, royalties, partnerships, S corporations, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) farm loss as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent deducted or subtracted in determining the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011, and as revised thereafter by the internal revenue service.

(xx) For all taxable years beginning after December 31, 2012, the amount of any deduction for self-employment taxes under section 164(f) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxi) For all taxable years beginning after December 31, 2012, the amount of any deduction for pension, profit sharing, and annuity plans of self-employed individuals under section 62(a)(6) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxii) For all taxable years beginning after December 31, 2012, the amount of any deduction for health insurance under section 162(l) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxiii) For all taxable years beginning after December 31, 2012, the amount of any deduction for domestic production activities under section 199 of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxiv) The amount of any charitable contribution made to a school district or a public charter school to the extent the same is claimed as the basis for the credit allowed pursuant to section 28, and amendments thereto.

(c) There shall be subtracted from federal adjusted gross income:
(i) Interest or dividend income on obligations or securities of any
authority, commission or instrumentality of the United States and its
possessions less any related expenses directly incurred in the purchase of
such obligations or securities, to the extent included in federal adjusted
gross income but exempt from state income taxes under the laws of the
United States.

(ii) Any amounts received which are included in federal adjusted
gross income but which are specifically exempt from Kansas income
taxation under the laws of the state of Kansas.

(iii) The portion of any gain or loss from the sale or other disposition
of property having a higher adjusted basis for Kansas income tax purposes
than for federal income tax purposes on the date such property was sold or
disposed of in a transaction in which gain or loss was recognized for
purposes of federal income tax that does not exceed such difference in
basis, but if a gain is considered a long-term capital gain for federal
income tax purposes, the modification shall be limited to that portion of
such gain which is included in federal adjusted gross income.

(iv) The amount necessary to prevent the taxation under this act of
any annuity or other amount of income or gain which was properly
included in income or gain and was taxed under the laws of this state for a
taxable year prior to the effective date of this act, as amended, to the
taxpayer, or to a decedent by reason of whose death the taxpayer acquired
the right to receive the income or gain, or to a trust or estate from which
the taxpayer received the income or gain.

(v) The amount of any refund or credit for overpayment of taxes on
or measured by income or fees or payments in lieu of income taxes
imposed by this state, or any taxing jurisdiction, to the extent included in
gross income for federal income tax purposes.

(vi) Accumulation distributions received by a taxpayer as a
beneficiary of a trust to the extent that the same are included in federal
adjusted gross income.

(vii) Amounts received as annuities under the federal civil service
retirement system from the civil service retirement and disability fund and
other amounts received as retirement benefits in whatever form which
were earned for being employed by the federal government or for service
in the armed forces of the United States.

(viii) Amounts received by retired railroad employees as a
supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
228c (a)(1) et seq.

(ix) Amounts received by retired employees of a city and by retired
employees of any board of such city as retirement allowances pursuant to
K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
amendments thereto.

(x) For taxable years beginning after December 31, 1976, the amount of the federal tentative jobs tax credit disallowance under the provisions of 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the amount of the targeted jobs tax credit and work incentive credit disallowances under 26 U.S.C. § 280 C.

(xi) For taxable years beginning after December 31, 1986, dividend income on stock issued by Kansas venture capital, inc.

(xii) For taxable years beginning after December 31, 1989, amounts received by retired employees of a board of public utilities as pension and retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249, and amendments thereto.

(xiii) For taxable years beginning after December 31, 2004, amounts contributed to and the amount of income earned on contributions deposited to an individual development account under K.S.A. 2012 Supp. 74-50,201 et seq., and amendments thereto.

(xiv) For all taxable years commencing after December 31, 1996, that portion of any income of a bank organized under the laws of this state or any other state, a national banking association organized under the laws of the United States, an association organized under the savings and loan code of this state or any other state, or a federal savings association organized under the laws of the United States, for which an election as an S corporation under subchapter S of the federal internal revenue code is in effect, which accrues to the taxpayer who is a stockholder of such corporation and which is not distributed to the stockholders as dividends of the corporation. For all taxable years beginning after December 31, 2012, the amount of modification under this subsection shall exclude the portion of income or loss reported on schedule E and included on line 17 of the taxpayer's form 1040 federal individual income tax return.

(xv) For all taxable years beginning after December 31, 2006, amounts not exceeding $3,000, or $6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a family postsecondary education savings account established under the Kansas postsecondary education savings program or a qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended, for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 2012 Supp. 75-643, and amendments thereto, and the provisions of such section are hereby incorporated by reference for all purposes thereof.

(xvi) For all taxable years beginning after December 31, 2004,
amounts received by taxpayers who are or were members of the armed
forces of the United States, including service in the Kansas army and air
national guard, as a recruitment, sign up or retention bonus received by
such taxpayer as an incentive to join, enlist or remain in the armed services
of the United States, including service in the Kansas army and air national
guard, and amounts received for repayment of educational or student loans
incurred by or obligated to such taxpayer and received by such taxpayer as
a result of such taxpayer's service in the armed forces of the United States,
including service in the Kansas army and air national guard.

(xvii) For all taxable years beginning after December 31, 2004,
amounts received by taxpayers who are eligible members of the Kansas
army and air national guard as a reimbursement pursuant to K.S.A. 48-
281, and amendments thereto, and amounts received for death benefits
pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
1 or section 2 of chapter 207 of the 2005 session laws of Kansas, and
amendments thereto, to the extent that such death benefits are included in
federal adjusted gross income of the taxpayer.

(xviii) For the taxable year beginning after December 31, 2006,
amounts received as benefits under the federal social security act which
are included in federal adjusted gross income of a taxpayer with federal
adjusted gross income of $50,000 or less, whether such taxpayer's filing
status is single, head of household, married filing separate or married filing
jointly; and for all taxable years beginning after December 31, 2007,
amounts received as benefits under the federal social security act which
are included in federal adjusted gross income of a taxpayer with federal
adjusted gross income of $75,000 or less, whether such taxpayer's filing
status is single, head of household, married filing separate or married filing
jointly.

(xix) Amounts received by retired employees of Washburn university
as retirement and pension benefits under the university's retirement plan.

(xx) For all taxable years beginning after December 31, 2012, the
amount of any: (1) Net profit from business as determined under the
federal internal revenue code and reported from schedule C and on line 12
of the taxpayer's form 1040 federal individual income tax return; (2) net
income from rental real estate, royalties, partnerships, S corporations,
estates, trusts, residual interest in real estate mortgage investment conduits
and net farm rental as determined under the federal internal revenue code
and reported from schedule E and on line 17 of the taxpayer's form 1040
federal individual income tax return; and (3) net farm profit as determined
under the federal internal revenue code and reported from schedule F and
on line 18 of the taxpayer's form 1040 federal income tax return; all to the
extent included in the taxpayer's federal adjusted gross income. For
purposes of this subsection, references to the federal form 1040 and
federal schedule C, schedule E, and schedule F, shall be to such form and
schedules as they existed for tax year 2011 and as revised thereafter by the
internal revenue service.
(d) There shall be added to or subtracted from federal adjusted gross
income the taxpayer's share, as beneficiary of an estate or trust, of the
Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and
amendments thereto.
(e) The amount of modifications required to be made under this
section by a partner which relates to items of income, gain, loss, deduction
or credit of a partnership shall be determined under K.S.A. 79-32,131, and
amendments thereto, to the extent that such items affect federal adjusted
gross income of the partner.
Sec. 31. K.S.A. 2012 Supp. 79-32,138 is hereby amended to read as
follows: 79-32,138. (a) Kansas taxable income of a corporation taxable
under this act shall be the corporation's federal taxable income for the
taxable year with the modifications specified in this section.
(b) There shall be added to federal taxable income:
(i) The same modifications as are set forth in subsection (b) of K.S.A.
79-32,117, and amendments thereto, with respect to resident individuals,
except subsections (b)(xix), (b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii).
(ii) The amount of all depreciation deductions claimed for any
property upon which the deduction allowed by K.S.A. 2012 Supp. 79-
32,255 or 79-32,256, and amendments thereto, is claimed.
(iii) The amount of any charitable contribution deduction claimed for
any contribution or gift to or for the use of any racially segregated
educational institution.
(iv) The amount of any charitable contribution deduction claimed for
any contribution or gift made to a school district or a public charter
school to the extent the same is claimed as the basis for the credit allowed
pursuant to section 28, and amendments thereto.
(c) There shall be subtracted from federal taxable income: (i) The
same modifications as are set forth in subsection (c) of K.S.A. 79-32,117,
and amendments thereto, with respect to resident individuals, except
subsection (c)(xx).
(ii) The federal income tax liability for any taxable year commencing
prior to December 31, 1971, for which a Kansas return was filed after
reduction for all credits thereon, except credits for payments on estimates
of federal income tax, credits for gasoline and lubricating oil tax, and for
foreign tax credits if, on the Kansas income tax return for such prior year,
the federal income tax deduction was computed on the basis of the federal
income tax paid in such prior year, rather than as accrued. Notwithstanding
the foregoing, the deduction for federal income tax liability for any year
shall not exceed that portion of the total federal income tax liability for such year which bears the same ratio to the total federal income tax liability for such year as the Kansas taxable income, as computed before any deductions for federal income taxes and after application of subsections (d) and (e) of this section as existing for such year, bears to the federal taxable income for the same year.


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

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

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

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


Sec. 33. This act shall take effect and be in force from and after its publication in the statute book.