

**79-32,215. Credit for business firms paying salary to teachers employed pursuant to a partnership agreement with school district.** (a)

For taxable years 2005, 2006 and 2007, any business firm which has entered into a partnership agreement pursuant to subsection (f) shall be allowed a credit against the income tax imposed by the Kansas income tax act as follows:

(1) An amount equal to 25% of the amount paid during the taxable year by such business firm to teachers as salary pursuant to the partnership agreement; or

(2) an amount equal to 30% of the amount paid during the taxable year by such business firm to teachers as salary pursuant to the partnership agreement if the teacher is teaching in a school district located in a rural community, underserved area, or underperforming urban area.

(b) In no event shall the total amount of credits allowed under this section exceed \$500,000 for any one fiscal year, and of that amount, except as otherwise provided, no more than \$125,000 of credits shall be allowed for business firms located in any one congressional district per fiscal year. The secretary of revenue shall establish by the adoption of rules and regulations a procedure to allow reallocation of unused tax credits by one congressional district to a congressional district which has or will use all of its allocated tax credits in that fiscal year and has additional tax credit allowance requests pending. The secretary of revenue shall approve all such credits in advance on a first-come, first-serve basis pursuant to subsection (d). No credit shall be allowed pursuant to this section to a business firm that enters into a partnership agreement with a school district in which the teacher employed by the business firm is a household or family member of any owner, director, officer or employee of such business firm.

(c) The credit allowed by this section shall not exceed the amount of tax imposed under the Kansas income tax act reduced by the sum of any other credits allowable pursuant to law. Such credit shall be deducted from the taxpayer's income tax liability for the taxable year in which the expenditures are made by the taxpayer. The taxpayer shall not be allowed to carry over any amount of such credit exceeding the taxpayer's income tax liability. No credit shall be allowed pursuant to this section to a business firm that enters into a partnership agreement with a school district in which the teacher employed by the business firm is a household or family member of any owner, director, officer or employee of such business firm.

(d) Prior to a business firm claiming this tax credit, the secretary of revenue shall require each business firm to submit for approval the following information on forms as prescribed by the secretary: (1) Each partnership agreement; (2) the salary amount paid to each teacher during the taxable year by such business firm pursuant to such partnership agreement and for which the tax credit is sought; and (3) such further information as the secretary may require to administer this provision.

(e) As used in this section:

(1) "Business firm" means any business entity authorized to do business in the state of Kansas which is subject to the state income tax imposed by the provisions of the Kansas income tax act and any individual subject to the state income tax imposed by the provisions of the Kansas income tax act.

(2) "Underserved area" shall have the meaning ascribed thereto by K.S.A. 74-32,101, and amendments thereto.

(3) "Teacher" means a person who holds a certificate to teach in Kansas with an endorsement in the areas of mathematics, science, physics, chemistry or biology and has entered into a partnership agreement.

(4) "Partnership agreement" means an agreement entered into pursuant to subsection (f). Such agreement shall contain a description of the duties of the position the teacher shall be performing, sufficient to establish that such position satisfies the criteria set forth in subsection (f).

(5) "Rural community" shall have the meaning ascribed thereto by K.S.A. 79-32,195, and amendments thereto.

(6) "Underperforming urban area" means an area of the state in which low academic performance by pupils in school districts in such area as determined and specified by the state board of education.

(f) The board of education of any school district, teacher and business firm may enter a partnership agreement under which such business firm agrees to employ such teacher in a position that requires mathematics or science skills commensurate with the classes that the teacher regularly teaches during the times in which school is not regularly in session. If a teacher entering into a partnership agreement voluntarily leaves the employ of the school district to be employed by the business firm during the term of the agreement or within one year after the agreement is completed or terminated, the business firm shall repay to the state all credits claimed pursuant to this section. Such payment shall be due as part of the tax liability of the business entity for the tax year in which the teacher is no longer employed by the school district.

**History:** L. 2005, ch. 129, § 1; L. 2013, ch. 134, § 27; July 1.