

**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~~ {2018}.

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  
37 counted as  $\frac{1}{2}$  pupil. A preschool-aged at-risk pupil enrolled in a district  
38 and receiving services under an approved at-risk pupil assistance plan  
39 maintained by the district shall be counted as  $\frac{1}{2}$  pupil. A pupil in the  
40 custody of the secretary of social and rehabilitation services or in the  
41 custody of the commissioner of juvenile justice and enrolled in unified  
42 school district No. 259, Sedgwick county, Kansas, but housed, maintained,  
43 and receiving educational services at the Judge James V. Riddel Boys

1 Ranch, shall be counted as two pupils. Except as provided in section 1 of  
2 chapter 76 of the 2009 Session Laws of the state of Kansas, and  
3 amendments thereto, a pupil in the custody of the secretary of social and  
4 rehabilitation services or in the custody of the commissioner of juvenile  
5 justice and enrolled in unified school district No. 409, Atchison, Kansas,  
6 but housed, maintained and receiving educational services at the youth  
7 residential center located on the grounds of the former Atchison juvenile  
8 correctional facility, shall 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) {the sum of (i)}  
42 enrollment in the preceding school year{, **excluding pupils under**  
43 **paragraph (A)(ii),}** minus enrollment in such school year of preschool-

- 1 aged at-risk pupils, if any such pupils were enrolled, plus enrollment in the  
2 current school year of preschool-aged at-risk pupils, if any such pupils are  
3 enrolled, ~~or~~ **{and (ii), if any, adjusted enrollment in the preceding**  
4 **school year of any pupils participating in the corporate education tax**  
5 **credit scholarship program pursuant to section 1 et seq., and**  
6 **amendments thereto, in the current school year, plus adjusted**  
7 **enrollment in the preceding school year of preschool-aged at-risk**  
8 **pupils participating in the corporate education tax credit scholarship**  
9 **program pursuant to section 1 et seq., and amendments thereto, in the**  
10 **current school year, if any such pupils were enrolled, or}** (B) *if any*  
11 *pupil enrolled in the preceding school year of such school district is*  
12 *participating in the corporate education tax credit scholarship program*  
13 *pursuant to section 1, et seq., and amendments thereto, during the current*  
14 *school year, adjusted enrollment in the preceding school year of the pupils*  
15 *who were enrolled in such school year plus the enrollment in such school*  
16 *year of preschool-aged at-risk pupils, if any such pupils were enrolled, or*  
17 ~~(C)~~ the sum of enrollment in the current school year of preschool-aged at-  
18 risk pupils, if any such pupils are enrolled and the average (mean) of the  
19 sum of (i) enrollment of the district in the current school year minus  
20 enrollment in such school year of preschool-aged at-risk pupils, if any  
21 such pupils are enrolled and (ii) enrollment in the preceding school year  
22 minus enrollment in such school year of preschool-aged at-risk pupils, if  
23 any such pupils were enrolled and (iii) enrollment in the school year next  
24 preceding the preceding school year minus enrollment in such school year  
25 of preschool-aged at-risk pupils, if any such pupils were enrolled; or  
26 (3) the number of pupils as determined under K.S.A. 72-6447 or  
27 K.S.A. 2012 Supp. 72-6448, and amendments thereto.  
28 (f) "Adjusted enrollment" means: (1) Enrollment adjusted by adding  
29 at-risk pupil weighting, program weighting, low enrollment weighting, if  
30 any, high density at-risk pupil weighting, if any, medium density at-risk  
31 pupil weighting, if any, nonproficient pupil weighting, if any, high  
32 enrollment weighting, if any, declining enrollment weighting, if any,  
33 school facilities weighting, if any, ancillary school facilities weighting, if  
34 any, cost of living weighting, if any, special education and related services  
35 weighting, and transportation weighting to enrollment; or (2) adjusted  
36 enrollment as determined under K.S.A. 2012 Supp. 72-6457 or 72-6458,  
37 and amendments thereto.  
38 (g) "At-risk pupil weighting" means an addend component assigned  
39 to enrollment of districts on the basis of enrollment of at-risk pupils.  
40 (h) "Program weighting" means an addend component assigned to  
41 enrollment of districts on the basis of pupil attendance in educational  
42 programs which differ in cost from regular educational programs.  
43 (i) "Low enrollment weighting" means an addend component

1 assigned to enrollment of districts pursuant to K.S.A. 72-6412, and  
2 amendments thereto, on the basis of costs attributable to maintenance of  
3 educational programs by such districts in comparison with costs  
4 attributable to maintenance of educational programs by districts having to  
5 which high enrollment weighting is assigned pursuant to K.S.A. 2012  
6 Supp. 72-6442b, and amendments thereto.

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

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

13 (l) "Cost of living weighting" means an addend component assigned  
14 to enrollment of districts to which the provisions of K.S.A. 2012 Supp. 72-  
15 6449, and amendments thereto, apply on the basis of costs attributable to  
16 the cost of living in the district.

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

27 (n) "Juvenile detention facility" has the meaning ascribed thereto by  
28 72-8187, and amendments thereto.

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

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

43 (q) "Declining enrollment weighting" means an addend component

1 assigned to enrollment of districts to which the provisions of K.S.A. 2012  
2 Supp. 72-6451, and amendments thereto, apply on the basis of reduced  
3 revenues attributable to the declining enrollment of the district.

4 (r) "High enrollment weighting" means an addend component  
5 assigned to enrollment of districts pursuant to K.S.A. 2012 Supp. 72-  
6 6442b, and amendments thereto, on the basis of costs attributable to  
7 maintenance of educational programs by such districts as a correlate to low  
8 enrollment weighting assigned to enrollment of districts pursuant to  
9 K.S.A. 72-6412, and amendments thereto.

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

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

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

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

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

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

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

35 (ii) The amount of all depreciation deductions claimed for any  
36 property upon which the deduction allowed by K.S.A. 2012 Supp. 79-  
37 32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-  
38 32,255 or 79-32,256, and amendments thereto, is claimed.

39 (iii) The amount of any charitable contribution deduction claimed for  
40 any contribution or gift to or for the use of any racially segregated  
41 educational institution.

42 (iv) *The amount of any charitable contribution deduction claimed for*  
43 *any contribution or gift made to a scholarship granting organization to the*

1 *extent the same is claimed as the basis for the credit allowed pursuant to*  
2 *section 7, and amendments thereto.*

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

7 (ii) The federal income tax liability for any taxable year commencing  
8 prior to December 31, 1971, for which a Kansas return was filed after  
9 reduction for all credits thereon, except credits for payments on estimates  
10 of federal income tax, credits for gasoline and lubricating oil tax, and for  
11 foreign tax credits if, on the Kansas income tax return for such prior year,  
12 the federal income tax deduction was computed on the basis of the federal  
13 income tax paid in such prior year, rather than as accrued. Notwithstanding  
14 the foregoing, the deduction for federal income tax liability for any year  
15 shall not exceed that portion of the total federal income tax liability for  
16 such year which bears the same ratio to the total federal income tax  
17 liability for such year as the Kansas taxable income, as computed before  
18 any deductions for federal income taxes and after application of  
19 subsections (d) and (e) of this section as existing for such year, bears to the  
20 federal taxable income for the same year.

21 (iii) An amount for the amortization deduction allowed pursuant to  
22 K.S.A. 2012 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-  
23 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto.

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

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

30 (d) If any corporation derives all of its income from sources within  
31 Kansas in any taxable year commencing after December 31, 1979, its  
32 Kansas taxable income shall be the sum resulting after application of  
33 subsections (a) through (c) hereof. Otherwise, such corporation's Kansas  
34 taxable income in any such taxable year, after excluding any refunds of  
35 federal income tax and before the deduction of federal income taxes  
36 provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-  
37 3271 to K.S.A. 79-3293, inclusive, and amendments thereto, plus any  
38 refund of federal income tax as determined under paragraph (iv) of  
39 subsection (b) of K.S.A. 79-32,117, and amendments thereto, and minus  
40 the deduction for federal income taxes as provided by subsection (c)(ii)  
41 shall be such corporation's Kansas taxable income.

42 (e) A corporation may make an election with respect to its first  
43 taxable year commencing after December 31, 1982, whereby no addition

1 modifications as provided for in subsection (b)(ii) of K.S.A. 79-32,138,  
2 and amendments thereto, and subtraction modifications as provided for in  
3 subsection (c)(iii) of K.S.A. 79-32,138, and amendments thereto, as those  
4 subsections existed prior to their amendment by this act, shall be required  
5 to be made for such taxable year.

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

8 Sec. 12. This act shall take effect and be in force from and after its  
9 publication in the statute book.