

**SENATE BILL No. 196**

By Committee on Ways and Means

2-13

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1 AN ACT concerning public charter schools; creating the Kansas public  
2 charter school act; amending K.S.A. 2012 Supp. 72-6407, 79-32,117  
3 and 79-32,138 and repealing the existing sections; also repealing  
4 K.S.A. 72-1903, 72-1904, 72-1908, 72-1909 and 72-1911 and K.S.A.  
5 2012 Supp. 72-1906, 72-1907 and 72-1910.  
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7 *Be it enacted by the Legislature of the State of Kansas:*

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

11 New Sec. 2. (a) The legislature hereby finds and declares the  
12 following:

13 (1) The state of Kansas recognizes the establishment of public charter  
14 schools as necessary to improving the opportunities of all families to  
15 choose the public school that meets the needs of their children, and  
16 believes that public charter schools serve a distinct purpose in supporting  
17 innovations and best practices that can be adopted among all public  
18 schools.

19 (2) The state of Kansas recognizes that there must be a variety of  
20 public institutions that can authorize the establishment of public charter  
21 schools as defined by law, and recognizes that independent but publicly  
22 accountable multiple authorizing authorities, such as independent state  
23 entities or universities, contribute to the health and growth of strong and  
24 innovative public charter schools.

25 (b) The legislature hereby finds and declares that the purpose of this  
26 act is to do the following:

27 (1) Allow the creation of innovative public charter schools which  
28 may operate independently of state laws or rules and regulations, other  
29 than those specified in this act, deemed by the public charter school  
30 authorizer to hinder its goals to achieve at the highest level possible;

31 (2) establish that existing or new public entities may be created to  
32 approve and monitor public charter schools in addition to unified school  
33 district school boards; and

34 (3) remove procedural and funding barriers to public charter school  
35 success.

36 New Sec. 3. As used in sections 1 through 27, and amendments

1 thereto, unless the context requires otherwise:

2 (a) "Department" means the department of education.

3 (b) "Educational management organization" means a partnership,  
4 nonprofit or business corporation, or any other association, corporation,  
5 trust, or other legal entity that enters into a management agreement with a  
6 public charter school.

7 (c) "Governing board" means the independent board of a public  
8 charter school that is party to the charter contract with the authorizer and  
9 whose members have been elected or selected pursuant to such school's  
10 petition.

11 (d) "Local board of education" means a local board of education  
12 exercising management and control of a school district pursuant to state  
13 law.

14 (e) "Management agreement" means an agreement to provide  
15 comprehensive educational, administrative, management, or instructional  
16 services or staff to a public charter school.

17 (f) "Postsecondary educational institution" and "private  
18 postsecondary educational institution" shall have the same meanings as  
19 those terms are defined in K.S.A. 74-3201b, and amendments thereto.

20 (g) "Public charter school" means any school, whether newly  
21 established or already existing, including any online school, that is  
22 approved by a public charter school authorizer to operate as a public  
23 charter school under the provisions of sections 1 through 27, and  
24 amendments thereto.

25 (h) "Public charter school applicant" or "applicant" means an eligible  
26 person, organization or other entity that seeks approval from a public  
27 charter school authorizer to operate a public charter school.

28 (i) "Public charter school authorizer" or "authorizer" means an entity  
29 or body established in section 4, and amendments thereto, to approve and  
30 oversee public charter schools.

31 (j) "School district" means any unified school district organized and  
32 operating under the laws of this state.

33 (k) "State board" means the state board of education created by article  
34 6 of the constitution of Kansas.

35 New Sec. 4. (a) Any entity desiring to be a public charter school  
36 authorizer may apply to the state board of education for a grant of  
37 authority to be an authorizer. The application shall be submitted in the  
38 form and manner prescribed by the state board. Such application shall  
39 include the following:

40 (1) Notification of intent to serve as a public charter school authorizer  
41 in accordance with sections 1 through 27, and amendments thereto;

42 (2) a description of the entity's strategic vision for authorizing public  
43 charter schools;

1 (3) a description of the entity's budget, personnel and commitment to  
2 execute the duties and functions of authorizing public charter schools;

3 (4) a description of the petition process that the entity, if approved,  
4 would use in determining whether to authorize a public charter school;

5 (5) a description of the performance framework that the entity, if  
6 approved, would use to guide the formation of a charter contract and for  
7 ongoing oversight and evaluation of public charter schools authorized by  
8 such entity;

9 (6) a description of the entity's charter renewal, revocation and  
10 nonrenewal procedures;

11 (7) a statement of assurance that the entity seeks to serve as an  
12 authorizer in fulfillment of the expectations, spirit and intent of sections 1  
13 through 26, and amendments thereto; and

14 (8) a statement that the entity will ensure public accountability and  
15 transparency in all matters concerning authorizer practices, decisions and  
16 expenditures.

17 (b) (1) The state board shall review the application to determine  
18 compliance with the provisions of subsection (a). If the application is  
19 determined to be in compliance with subsection (a), the state board shall  
20 approve the application and grant such entity authority to authorize public  
21 charter schools. The state board shall notify the entity of such approval  
22 within 30 days following the date the application was submitted.

23 (2) If the state board determines such application is not in compliance  
24 with subsection (a), the state board shall deny the application. The state  
25 board shall send a notification of denial to the entity and shall specify the  
26 reasons therefor. Within 30 days from the date such notification is sent, the  
27 entity may submit a request to the state board for reconsideration of the  
28 application and may submit an amended application with such request.  
29 The state board shall act on the request for reconsideration within 30 days  
30 of receipt of the request.

31 (c) The following entities may be granted authority to authorize  
32 public charter schools:

33 (1) The state board;

34 (2) the state board of regents established by K.S.A. 74-3202a, and  
35 amendments thereto;

36 (3) the governing board of any public or private postsecondary  
37 educational institution;

38 (4) the local board of education; and

39 (5) the governing body of any city or county.

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

1 additional public charter schools within the boundaries of the school  
2 district governed by such local board of education.

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

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

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

25 (1) Soliciting and evaluating public charter school petitions;

26 (2) approving public charter school petitions that meet identified  
27 educational needs, promote a diversity of educational choices and satisfy  
28 the requirements of sections 1 through 27, and amendments thereto;

29 (3) denying public charter school petitions that fail to satisfy the  
30 requirements of sections 1 through 27, and amendments thereto, or the  
31 petition criteria established by the authorizer;

32 (4) negotiating and executing charter contracts with each approved  
33 public charter school applicant;

34 (5) monitoring, in accordance with charter contract terms, the  
35 performance and legal compliance of public charter schools approved by  
36 the authorizer; and

37 (6) determining whether each charter contract merits renewal,  
38 nonrenewal or revocation.

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

43 (d) An authorizer may enter into an agreement with any other person

1 or entity for such person or entity to assume the duties and functions of the  
2 authorizer established by sections 1 through 27, and amendments thereto,  
3 provided such agreement shall expressly provide that such person or entity  
4 shall remain at all times under the direction of the authorizer with respect  
5 to such duties and functions.

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

9 (1) The number of public charter schools authorized during the  
10 preceding calendar year, and a brief description of each such school;

11 (2) the academic progress of pupils attending public charter schools  
12 authorized by such authorizer;

13 (3) a comparison of the test scores on the math and reading state  
14 assessments of the pupils attending public charter schools authorized by  
15 such authorizer with the disaggregated test scores on the same assessments  
16 of those pupils attending schools in the school district in which such public  
17 charter schools are located that are reasonably reflective of the  
18 composition of such public charter schools; and

19 (4) such other information as the authorizer deems necessary.

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

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

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

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

41 (1) The mission statement of the public charter school;

42 (2) a description of the educational programs of the proposed public  
43 charter school and how such programs will meet or exceed the student

- 1 performance standards adopted by the state board;
- 2 (3) a description of student achievement goals and the chosen
- 3 methods of evaluating attainment of such goals;
- 4 (4) the proposed governance structure of the public charter school,
- 5 including:
- 6 (A) A list of members of the initial governing board;
- 7 (B) a description of the qualifications;
- 8 (C) terms and method of appointment or election of members of the
- 9 governing board;
- 10 (D) the organizational structure of the public charter school; and
- 11 (E) the processes to be followed by the public charter school to
- 12 promote parental and staff involvement in school governance;
- 13 (5) admission policies and procedures, which shall be consistent with
- 14 section 12, and amendments thereto;
- 15 (6) a proposed budget and fiscal plan for the public charter school,
- 16 including supporting evidence that the fiscal plan is sound and that
- 17 sufficient start-up funds will be available to the public charter school;
- 18 (7) requirements and procedures for programmatic and independent
- 19 fiscal audits to be conducted at least annually along with such other audits
- 20 which are comparable in scope to audits required of school districts;
- 21 (8) the hiring and personnel policies and procedures of the public
- 22 charter school, including the qualifications to be used in the hiring of
- 23 teachers, school administrators and other school employees, and a
- 24 description of staff responsibilities;
- 25 (9) the policies and procedures for disciplining students including,
- 26 but not limited to, expulsion or suspension from the public charter school,
- 27 which shall be consistent with the requirements of due process and with
- 28 federal laws and regulations governing the placement of students with
- 29 disabilities;
- 30 (10) information regarding the facilities to be used by the public
- 31 charter school, including the location of the school, if known, and the
- 32 means by which pupils will be transported to and from the school. If the
- 33 facilities to be used by the proposed school are not known at the time the
- 34 application is submitted, the applicant shall notify the public charter school
- 35 authorizer within ten business days of acquiring facilities for such school,
- 36 provided that the public charter school shall obtain a certificate of
- 37 occupancy for such facilities prior to the date on which instruction is to
- 38 commence at the school;
- 39 (11) a description of the ages and grade levels to be served by the
- 40 public charter school;
- 41 (12) the identity, including the name, address and occupation, of all
- 42 persons listed on the application and the proposed members of the
- 43 governing board;

1 (13) the criteria by which the public charter school shall be held  
2 accountable both financially and with respect to academic progress to the  
3 authorizer;

4 (14) the type and amount of any insurance coverage to be obtained by  
5 the public charter school, including, but not limited to, coverage for  
6 general liability, property loss and personal injury;

7 (15) a description of the health and food services to be provided to  
8 students;

9 (16) the methods and strategies for serving students with disabilities  
10 in compliance with all federal laws and regulations relating thereto;

11 (17) the procedures to be followed in the case of the closure or  
12 dissolution of the public charter school, including provisions for the  
13 transfer of students and student records to the appropriate school, and the  
14 disposition of the public charter school's assets;

15 (18) if the school serves grade 12, the requirements for the granting  
16 of a diploma; and

17 (19) a code of ethics for the public charter school.

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

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

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

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

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

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

1 the state.

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

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

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

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

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

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

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

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

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

41 (d) A public charter school shall be subject to all laws and rules and  
42 regulations pertaining to the state assessment program established by the  
43 state board.



1 (e) A public charter school shall be subject to all laws providing for  
2 student health, safety and welfare.

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

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

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

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

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

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

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

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

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

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

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

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

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

41 (b) A public charter school shall not discriminate against any person  
42 on the basis of race, creed, color, sex, disability, national origin or any  
43 other category that would be unlawful if done by a public school. A public

1 charter school shall not discriminate against any student on the basis of  
2 national origin, minority status or limited proficiency in English.  
3 Consistent with federal civil rights laws, public charter schools shall  
4 provide limited English proficient students with appropriate services  
5 designed to teach them English and the general curriculum.

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

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

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

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

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

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

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

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

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

42 (1) The public charter school fails to automatically qualify for  
43 renewal of the charter contract under section 11, and amendments thereto;

1 (2) the public charter school fails to improve in the percentage of high  
2 school graduates of such public charter school that have enlisted in  
3 military service or completed a postsecondary educational certificate  
4 program or degree program as determined by the national student  
5 clearinghouse, or other postsecondary educational program completion  
6 database utilized by such public charter school;

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

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

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

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

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

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

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

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

43 (2) For purposes of this subsection and for calculating enrollment

1 pursuant to K.S.A. 72-6405 et seq., and amendments thereto, a school  
2 district shall continue to count any student attending a public charter  
3 school authorized by such school district as a pupil of the school district.

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

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

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

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

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

33 (f) Amounts payable to a public charter school during its first year of  
34 operations shall be based on first year enrollment projections as  
35 established in the charter contract. Such projections shall be reconciled  
36 with the actual enrollment of the public charter school and any necessary  
37 adjustments shall be made to the payments made to the public charter  
38 school during the remainder of the first year of operation. At least 90 days  
39 prior to the first day of instruction, a public charter school shall receive an  
40 amount equal to  $\frac{1}{3}$  of the aggregate amount of funds such public charter  
41 school is entitled to receive under this section based on first year  
42 enrollment projections. The remaining  $\frac{2}{3}$  of the aggregate amount of such  
43 funds shall be paid in 12 substantially equal payments on the first day of

1 each month of such year. In the event a public charter school fails to open  
2 as provided in the charter contract, the authorizer of such public charter  
3 school shall pay that amount of money advanced to such public charter  
4 school prior to the first day of instruction pursuant to this subsection to the  
5 state board. Upon receipt of such money, the state board shall deposit the  
6 entire amount in the state treasury to the credit of the state school finance  
7 fund.

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

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

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

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

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

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

34 New Sec. 24. Nothing in sections 1 through 27, and amendments  
35 thereto, shall be construed to prohibit any individual or organization from  
36 providing funding or other assistance in establishing or operating a public  
37 charter school. The governing board of a public charter school may accept  
38 gifts, donations and grants of any kind made to the public charter school.  
39 The public charter school shall expend or use such gifts, donations or  
40 grants in accordance with the conditions prescribed by the donor, provided  
41 that no gift, donation or grant may be accepted and expended if subject to  
42 a condition that is in direct conflict with any provision of law or term of  
43 the charter contract.

1 New Sec. 25. The provisions of sections 1 through 27, and  
2 amendments thereto, should be interpreted liberally to support the findings  
3 and purposes of this section and to advance a renewed commitment by the  
4 state to the mission, goals and diversity of public education.

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

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

17 New Sec. 28. (a) There shall be allowed a credit against the income  
18 tax liability imposed upon a taxpayer pursuant to the Kansas income tax  
19 act, the privilege tax liability imposed upon a taxpayer pursuant to the  
20 privilege tax imposed upon any national banking association, state bank,  
21 trust company or savings and loan association pursuant to article 11 of  
22 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, and  
23 the premium tax liability imposed upon a taxpayer pursuant to the  
24 premiums tax and privilege fees imposed upon an insurance company  
25 pursuant to K.S.A. 40-252, and amendments thereto, for tax years  
26 commencing after December 31, 2012, an amount equal to 100% of the  
27 amount contributed to a school district or public charter school, as defined  
28 in section 3, and amendments thereto.

29 (b) The credit shall be claimed and deducted from the taxpayer's tax  
30 liability during the tax year in which the contribution was made to the  
31 school district or public charter school.

32 (c) If the amount of any such tax credit claimed by a taxpayer  
33 exceeds the taxpayer's income, privilege or premium tax liability, such  
34 excess amount may be carried over for deduction from the taxpayer's  
35 income, privilege or premium tax liability in the next succeeding year or  
36 years until the total amount of the credit has been deducted from tax  
37 liability.

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

41 Sec. 29. K.S.A. 2012 Supp. 72-6407 is hereby amended to read as  
42 follows: 72-6407. (a) (1) "Pupil" means any person who is regularly  
43 enrolled in a district and attending kindergarten or any of the grades one

1 through 12 maintained by the district or who is regularly enrolled in a  
2 district and attending kindergarten or any of the grades one through 12 in  
3 another district in accordance with an agreement entered into under  
4 authority of K.S.A. 72-8233, and amendments thereto, or who is regularly  
5 enrolled in a district and attending special education services provided for  
6 preschool-aged exceptional children by the district.

7 (2) Except as otherwise provided in paragraph (3) *or* (4) of this  
8 subsection, a pupil in attendance full time shall be counted as one pupil. A  
9 pupil in attendance part time shall be counted as that proportion of one  
10 pupil (to the nearest  $\frac{1}{10}$ ) that the pupil's attendance bears to full-time  
11 attendance. A pupil attending kindergarten shall be counted as  $\frac{1}{2}$  pupil. A  
12 pupil enrolled in and attending an institution of postsecondary education  
13 which is authorized under the laws of this state to award academic degrees  
14 shall be counted as one pupil if the pupil's postsecondary education  
15 enrollment and attendance together with the pupil's attendance in either of  
16 the grades 11 or 12 is at least  $\frac{5}{6}$  time, otherwise the pupil shall be counted  
17 as that proportion of one pupil (to the nearest  $\frac{1}{10}$ ) that the total time of the  
18 pupil's postsecondary education attendance and attendance in grade 11 or  
19 12, as applicable, bears to full-time attendance. A pupil enrolled in and  
20 attending an area vocational school, area vocational-technical school or  
21 approved vocational education program shall be counted as one pupil if the  
22 pupil's vocational education enrollment and attendance together with the  
23 pupil's attendance in any of grades nine through 12 is at least  $\frac{5}{6}$  time,  
24 otherwise the pupil shall be counted as that proportion of one pupil (to the  
25 nearest  $\frac{1}{10}$ ) that the total time of the pupil's vocational education  
26 attendance and attendance in any of grades nine through 12 bears to full-  
27 time attendance. A pupil enrolled in a district and attending a non-virtual  
28 school and also attending a virtual school shall be counted as that  
29 proportion of one pupil (to the nearest  $\frac{1}{10}$ ) that the pupil's attendance at the  
30 non-virtual school bears to full-time attendance. Except as provided by this  
31 section for preschool-aged exceptional children and virtual school pupils, a  
32 pupil enrolled in a district and attending special education and related  
33 services, provided for by the district shall be counted as one pupil. A pupil  
34 enrolled in a district and attending special education and related services  
35 provided for by the district and also attending a virtual school shall be  
36 counted as that proportion of one pupil (to the nearest  $\frac{1}{10}$ ) that the pupil's  
37 attendance at the non-virtual school bears to full-time attendance. A pupil  
38 enrolled in a district and attending special education and related services  
39 for preschool-aged exceptional children provided for by the district shall  
40 be counted as  $\frac{1}{2}$  pupil. A preschool-aged at-risk pupil enrolled in a district  
41 and receiving services under an approved at-risk pupil assistance plan  
42 maintained by the district shall be counted as  $\frac{1}{2}$  pupil. A pupil in the  
43 custody of the secretary of social and rehabilitation services or in the

1 custody of the commissioner of juvenile justice and enrolled in unified  
2 school district No. 259, Sedgwick county, Kansas, but housed, maintained,  
3 and receiving educational services at the Judge James V. Riddel Boys  
4 Ranch, shall be counted as two pupils. Except as provided in section 1 of  
5 chapter 76 of the 2009 Session Laws of the state of Kansas, and  
6 amendments thereto, a pupil in the custody of the secretary of social and  
7 rehabilitation services or in the custody of the commissioner of juvenile  
8 justice and enrolled in unified school district No. 409, Atchison, Kansas,  
9 but housed, maintained and receiving educational services at the youth  
10 residential center located on the grounds of the former Atchison juvenile  
11 correctional facility, shall be counted as two pupils.

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

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

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

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

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

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

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



1 thereof;

2 (2) if enrollment in a district in any school year has decreased from  
3 enrollment in the preceding school year, enrollment of the district in the  
4 current school year means whichever is the greater of: (A) Enrollment in  
5 the preceding school year minus enrollment in such school year of  
6 preschool-aged at-risk pupils, if any such pupils were enrolled, plus  
7 enrollment in the current school year of preschool-aged at-risk pupils, if  
8 any such pupils are enrolled; or (B) the sum of enrollment in the current  
9 school year of preschool-aged at-risk pupils, if any such pupils are  
10 enrolled and the average (mean) of the sum of: (i) Enrollment of the  
11 district in the current school year minus enrollment in such school year of  
12 preschool-aged at-risk pupils, if any such pupils are enrolled ~~and~~; (ii)  
13 enrollment in the preceding school year minus enrollment in such school  
14 year of preschool-aged at-risk pupils, if any such pupils were enrolled; and  
15 (iii) enrollment in the school year next preceding the preceding school year  
16 minus enrollment in such school year of preschool-aged at-risk pupils, if  
17 any such pupils were enrolled; or

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

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

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

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

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

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

1 commencing operation of new school facilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (iii) The federal net operating loss deduction.

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

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

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

25 (vii) The amount of any charitable contribution made to the extent the  
26 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
27 32,196, and amendments thereto.

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

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

39 (x) Amounts received as nonqualified withdrawals, as defined by  
40 K.S.A. 2012 Supp. 75-643, and amendments thereto, if, at the time of  
41 contribution to a family postsecondary education savings account, such  
42 amounts were subtracted from the federal adjusted gross income pursuant  
43 to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amendments

1 thereto, or if such amounts are not already included in the federal adjusted  
2 gross income.

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

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

13 (xiii) The amount of any expenditures claimed for deduction in  
14 determining federal adjusted gross income, to the extent the same is  
15 claimed as the basis for any credit allowed pursuant to K.S.A. 2012 Supp.  
16 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

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

21 (xv) The amount of any expenditures claimed for deduction in  
22 determining federal adjusted gross income, to the extent the same is  
23 claimed as the basis for any credit allowed pursuant to K.S.A. 2012 Supp.  
24 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233  
25 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-  
26 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

27 (xvi) The amount of any amortization deduction claimed in  
28 determining federal adjusted gross income to the extent the same is  
29 claimed for deduction pursuant to K.S.A. 2012 Supp. 79-32,227, 79-  
30 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments  
31 thereto.

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

36 (xviii) For taxable years commencing after December 31, 2006, the  
37 amount of any ad valorem or property taxes and assessments paid to a state  
38 other than Kansas or local government located in a state other than Kansas  
39 by a taxpayer who resides in a state other than Kansas, when the law of  
40 such state does not allow a resident of Kansas who earns income in such  
41 other state to claim a deduction for ad valorem or property taxes or  
42 assessments paid to a political subdivision of the state of Kansas in  
43 determining taxable income for income tax purposes in such other state, to

1 the extent that such taxes and assessments are claimed as an itemized  
2 deduction for federal income tax purposes.

3 (xix) For all taxable years beginning after December 31, 2012, the  
4 amount of any: (1) Loss from business as determined under the federal  
5 internal revenue code and reported from schedule C and on line 12 of the  
6 taxpayer's form 1040 federal individual income tax return; (2) loss from  
7 rental real estate, royalties, partnerships, S corporations, estates, trusts,  
8 residual interest in real estate mortgage investment conduits and net farm  
9 rental as determined under the federal internal revenue code and reported  
10 from schedule E and on line 17 of the taxpayer's form 1040 federal  
11 individual income tax return; and (3) farm loss as determined under the  
12 federal internal revenue code and reported from schedule F and on line 18  
13 of the taxpayer's form 1040 federal income tax return; all to the extent  
14 deducted or subtracted in determining the taxpayer's federal adjusted gross  
15 income. For purposes of this subsection, references to the federal form  
16 1040 and federal schedule C, schedule E, and schedule F, shall be to such  
17 form and schedules as they existed for tax year 2011, and as revised  
18 thereafter by the internal revenue service.

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

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

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

34 (xxiii) For all taxable years beginning after December 31, 2012, the  
35 amount of any deduction for domestic production activities under section  
36 199 of the federal internal revenue code as in effect on January 1, 2012,  
37 and amendments thereto, in determining the federal adjusted gross income  
38 of an individual taxpayer.

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

43 (c) There shall be subtracted from federal adjusted gross income:

1 (i) Interest or dividend income on obligations or securities of any  
2 authority, commission or instrumentality of the United States and its  
3 possessions less any related expenses directly incurred in the purchase of  
4 such obligations or securities, to the extent included in federal adjusted  
5 gross income but exempt from state income taxes under the laws of the  
6 United States.

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

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

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

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

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

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

37 (viii) Amounts received by retired railroad employees as a  
38 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and  
39 228c (a)(1) et seq.

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

1 amendments thereto.

2 (x) For taxable years beginning after December 31, 1976, the amount  
3 of the federal tentative jobs tax credit disallowance under the provisions of  
4 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the  
5 amount of the targeted jobs tax credit and work incentive credit  
6 disallowances under 26 U.S.C. § 280 C.

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

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

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

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

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

43 (xvi) For all taxable years beginning after December 31, 2004,



1 amounts received by taxpayers who are or were members of the armed  
2 forces of the United States, including service in the Kansas army and air  
3 national guard, as a recruitment, sign up or retention bonus received by  
4 such taxpayer as an incentive to join, enlist or remain in the armed services  
5 of the United States, including service in the Kansas army and air national  
6 guard, and amounts received for repayment of educational or student loans  
7 incurred by or obligated to such taxpayer and received by such taxpayer as  
8 a result of such taxpayer's service in the armed forces of the United States,  
9 including service in the Kansas army and air national guard.

10 (xvii) For all taxable years beginning after December 31, 2004,  
11 amounts received by taxpayers who are eligible members of the Kansas  
12 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
13 281, and amendments thereto, and amounts received for death benefits  
14 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section  
15 1 or section 2 of chapter 207 of the 2005 session laws of Kansas, and  
16 amendments thereto, to the extent that such death benefits are included in  
17 federal adjusted gross income of the taxpayer.

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

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

31 (xx) For all taxable years beginning after December 31, 2012, the  
32 amount of any: (1) Net profit from business as determined under the  
33 federal internal revenue code and reported from schedule C and on line 12  
34 of the taxpayer's form 1040 federal individual income tax return; (2) net  
35 income from rental real estate, royalties, partnerships, S corporations,  
36 estates, trusts, residual interest in real estate mortgage investment conduits  
37 and net farm rental as determined under the federal internal revenue code  
38 and reported from schedule E and on line 17 of the taxpayer's form 1040  
39 federal individual income tax return; and (3) net farm profit as determined  
40 under the federal internal revenue code and reported from schedule F and  
41 on line 18 of the taxpayer's form 1040 federal income tax return; all to the  
42 extent included in the taxpayer's federal adjusted gross income. For  
43 purposes of this subsection, references to the federal form 1040 and

1 federal schedule C, schedule E, and schedule F, shall be to such form and  
2 schedules as they existed for tax year 2011 and as revised thereafter by the  
3 internal revenue service.

4 (d) There shall be added to or subtracted from federal adjusted gross  
5 income the taxpayer's share, as beneficiary of an estate or trust, of the  
6 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and  
7 amendments thereto.

8 (e) The amount of modifications required to be made under this  
9 section by a partner which relates to items of income, gain, loss, deduction  
10 or credit of a partnership shall be determined under K.S.A. 79-32,131, and  
11 amendments thereto, to the extent that such items affect federal adjusted  
12 gross income of the partner.

13 Sec. 31. K.S.A. 2012 Supp. 79-32,138 is hereby amended to read as  
14 follows: 79-32,138. (a) Kansas taxable income of a corporation taxable  
15 under this act shall be the corporation's federal taxable income for the  
16 taxable year with the modifications specified in this section.

17 (b) There shall be added to federal taxable income:

18 (i) The same modifications as are set forth in subsection (b) of K.S.A.  
19 79-32,117, and amendments thereto, with respect to resident individuals,  
20 except subsections (b)(xix), (b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii).

21 (ii) The amount of all depreciation deductions claimed for any  
22 property upon which the deduction allowed by K.S.A. 2012 Supp. 79-  
23 32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-  
24 32,255 or 79-32,256, and amendments thereto, is claimed.

25 (iii) The amount of any charitable contribution deduction claimed for  
26 any contribution or gift to or for the use of any racially segregated  
27 educational institution.

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

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

36 (ii) The federal income tax liability for any taxable year commencing  
37 prior to December 31, 1971, for which a Kansas return was filed after  
38 reduction for all credits thereon, except credits for payments on estimates  
39 of federal income tax, credits for gasoline and lubricating oil tax, and for  
40 foreign tax credits if, on the Kansas income tax return for such prior year,  
41 the federal income tax deduction was computed on the basis of the federal  
42 income tax paid in such prior year, rather than as accrued. Notwithstanding  
43 the foregoing, the deduction for federal income tax liability for any year

1 shall not exceed that portion of the total federal income tax liability for  
2 such year which bears the same ratio to the total federal income tax  
3 liability for such year as the Kansas taxable income, as computed before  
4 any deductions for federal income taxes and after application of  
5 subsections (d) and (e) of this section as existing for such year, bears to the  
6 federal taxable income for the same year.

7 (iii) An amount for the amortization deduction allowed pursuant to  
8 K.S.A. 2012 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-  
9 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto.

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

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

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

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

35 Sec. 32. K.S.A. 72-1903, 72-1904, 72-1908, 72-1909 and 72-1911  
36 and K.S.A. 2012 Supp. 72-1906, 72-1907, 72-1910, 72-6407, 79-32,117  
37 and 79-32,138 are hereby repealed.

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