

HOUSE BILL No. 2301

By Representative Whipple

2-13

1 AN ACT concerning education; relating to scholarship programs; tax
2 credits; establishing the tax credit for low income postsecondary
3 students scholarship program act; providing for the elimination of the
4 tax credit for low income students scholarship program act; amending
5 K.S.A. 72-4352, 72-4354 and 72-4357 and K.S.A. 2018 Supp. 79-
6 32,138 and repealing the existing sections.

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 New Section 1. The provisions of sections 1 through 7, and
10 amendments thereto, shall be known and may be cited as the tax credit for
11 low income postsecondary students scholarship program act.

12 New Sec. 2. As used in the tax credit for low income postsecondary
13 students scholarship program act:

14 (a) "Contributions" means monetary gifts or donations and in-kind
15 contributions, gifts or donations that have an established market value.

16 (b) "Eligible student" means a person who:

17 (1) (A) Was identified as an at-risk student, as defined in K.S.A. 72-
18 5132, and amendments thereto, when such person attended grade 12 at a
19 school district of this state; (B) attended any public or nonpublic school in
20 this state immediately prior to graduation from such school and can
21 demonstrate financial need; or (C) previously received a postsecondary
22 educational scholarship pursuant to this program;

23 (2) resides in Kansas while receiving a postsecondary educational
24 scholarship; and

25 (3) is enrolled in at least 12 credit hours at a Kansas educational
26 institution for each semester that a postsecondary educational scholarship
27 is disbursed to such student.

28 (c) "Financial need" means the difference between a student's
29 available financial resources and the student's total anticipated cost of
30 attendance at a certain Kansas educational institution. A student's financial
31 resources shall be determined on the basis of criteria provided under the
32 federal methodology of need analysis.

33 (d) "Kansas educational institution" means any:

34 (1) State educational institution as such term is defined in K.S.A. 76-
35 711, and amendments thereto; or

36 (2) community college, municipal university, technical college or

1 independent postsecondary educational institution as such terms are
2 defined in K.S.A. 74-32,194, and amendments thereto.

3 (e) "Postsecondary educational scholarship" means an amount not to
4 exceed \$8,000 per school year provided to an eligible student to attend a
5 Kansas educational institution to cover all or a portion of the costs of such
6 attendance including tuition, fees and expenses.

7 (f) "Program" means the tax credit for low income postsecondary
8 students scholarship program established pursuant to this act.

9 (g) "Scholarship granting organization" means an organization that
10 complies with the requirements of the program and provides
11 postsecondary educational scholarships to eligible students.

12 (i) "State board" means the state board of regents.

13 New Sec. 3. (a) There is hereby established the tax credit for low
14 income postsecondary students scholarship program. The program shall
15 provide an eligible student with an opportunity to attend a Kansas
16 educational institution of such student's choice.

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

22 (c) Prior to awarding a postsecondary educational scholarship with
23 respect to an eligible student, the scholarship granting organization shall
24 receive written verification from the state board of regents that such
25 student is an eligible student under this program.

26 (d) Upon receipt of information in accordance with subsection (f)(2),
27 the state board shall inform the scholarship granting organization whether
28 a postsecondary educational scholarship has been awarded by another
29 scholarship granting organization with respect to the eligible student and
30 shall provide the amount awarded by such postsecondary educational
31 scholarship. In each school year, no more than \$8,000 in postsecondary
32 educational scholarships may be awarded under this program with respect
33 to an eligible student.

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

36 (1) The scholarship granting organization shall notify the secretary of
37 revenue and the state board of the scholarship granting organization's
38 intent to provide postsecondary educational scholarships;

39 (2) upon granting a postsecondary educational scholarship, the
40 scholarship granting organization shall report such information to the state
41 board;

42 (3) the scholarship granting organization shall provide verification to
43 the secretary of revenue that the scholarship granting organization is

1 exempt from federal income taxation pursuant to section 501(c)(3) of the
2 federal internal revenue code of 1986;

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

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

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

13 (5) scholarship granting organizations that provide other nonprofit
14 services in addition to providing postsecondary educational scholarships
15 shall not commingle contributions made under the program with other
16 contributions made to such organization. A scholarship granting
17 organization under this subsection shall also file with the state board, prior
18 to the commencement of each school year, 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 nonprofit organization's
23 ability to pay an aggregate amount equal to the amount of the
24 contributions expected to be received during the school year, which must
25 be reviewed and approved in writing by the state board;

26 (6) at the end of the calendar year, the scholarship granting
27 organization shall have its accounts examined and audited by a certified
28 public accountant. Such audit shall include, but not be limited to,
29 information verifying that the postsecondary educational scholarships
30 awarded by the scholarship granting organization were appropriately
31 distributed to eligible students. Prior to filing a copy of the audit with the
32 state board, such audit shall be duly verified and certified by a certified
33 public accountant; and

34 (7) if a scholarship granting organization decides to limit which
35 Kansas educational institutions such scholarship granting organization will
36 provide educational scholarships for an eligible student to attend, the
37 scholarship granting organization shall provide in writing to the state board
38 the name or names of the specific Kansas educational institutions that such
39 scholarship organization will provide scholarships for an eligible student
40 to attend.

41 (b) The scholarship granting organization shall disburse not less than
42 90% of contributions received pursuant to the program in the form of
43 postsecondary educational scholarships within 36 months of receipt of

1 such contributions. If such contributions have not been disbursed within
2 the applicable 36-month time period, then the scholarship granting
3 organization shall not accept new contributions until 90% of the received
4 contributions have been disbursed in the form of postsecondary
5 educational scholarships. Any income earned from contributions must be
6 disbursed in the form of postsecondary educational scholarships.

7 (c) A scholarship granting organization may continue to provide a
8 postsecondary educational scholarship to any eligible student who has
9 previously received a postsecondary educational scholarship pursuant to
10 the program.

11 (d) A scholarship granting organization shall direct payments of
12 postsecondary educational scholarships on a per semester basis to an
13 eligible student or to the Kansas educational institution that such eligible
14 student attends.

15 (e) By June 1 of each year, each scholarship granting organization
16 shall submit a report to the state board, in a form and manner prescribed by
17 the state board, and such report shall contain the following information:

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

19 (2) the name and address of each eligible student with respect to
20 whom a postsecondary educational scholarship was awarded by the
21 scholarship granting organization;

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

24 (4) the total number and total dollar amount of postsecondary
25 educational scholarships awarded during the 12-month reporting period
26 and the total number and total dollar amount of postsecondary educational
27 scholarships awarded during the 12-month reporting period.

28 (f) No scholarship granting organization shall:

29 (1) Provide a postsecondary educational scholarship with respect to
30 an eligible student that is established by funding from any contributions
31 made by any relative of such eligible student;

32 (2) accept a contribution from any source with the express or implied
33 condition that such contribution be directed toward a postsecondary
34 educational scholarship for a particular eligible student; or

35 (3) shall provide a postsecondary educational scholarship to any
36 eligible student, if such student has relatives in common with the
37 scholarship granting organization.

38 New Sec. 5. (a) To qualify for the tax credit allowed by this act, the
39 scholarship granting organization shall apply each tax year to the state
40 board for a certification that the scholarship granting organization is in
41 substantial compliance with the program based on information received in
42 the annual audit and yearly report filed by the scholarship granting
43 organization with the state board. The state board shall prescribe the form

1 of such application.

2 (b) If the state board determines that a scholarship granting
3 organization is in substantial compliance with the program, the state board
4 shall issue a certificate of compliance to the director of taxation.

5 (c) The state board shall prepare and submit an annual report to the
6 legislature on the program. Annual reports shall include information
7 reported to the state board pursuant to section 4, and amendments thereto,
8 and a summary of such information.

9 (d) The state board may adopt rules and regulations to implement the
10 provisions of the program.

11 New Sec. 6. (a) There shall be allowed a credit against the tax
12 liability imposed upon a taxpayer pursuant to the Kansas income tax act,
13 the privilege tax liability imposed upon a taxpayer pursuant to the
14 privilege tax imposed upon any national banking association, state bank,
15 trust company or savings and loan association pursuant to article 11 of
16 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, and
17 the premium tax liability imposed upon a taxpayer pursuant to the
18 premiums tax and privilege fees imposed upon an insurance company
19 pursuant to K.S.A. 40-252, and amendments thereto, for tax year 2019 and
20 each tax year thereafter, an amount equal to 70% of the amount
21 contributed to a scholarship granting organization authorized pursuant to
22 section 1 et seq., and amendments thereto. In no event shall the total
23 amount of contributions for any taxpayer allowed under this subsection
24 exceed \$500,000 for any tax year.

25 (b) The credit shall be claimed and deducted from the taxpayer's tax
26 liability during the tax year in which the contribution was made to any
27 such scholarship granting organization.

28 (c) For each tax year, in no event shall the total amount of credits
29 allowed under this section exceed \$10,000,000 for any one tax year.
30 Except as otherwise provided, the allocation of such tax credits for each
31 scholarship granting organization shall be determined by the scholarship
32 granting organization in consultation with the secretary of revenue, and
33 such determination shall be completed prior to the issuance of any tax
34 credits pursuant to this section.

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

41 (e) The secretary of revenue may adopt rules and regulations
42 regarding filing of documents that support the amount of credit claimed
43 pursuant to this section.

1 New Sec. 7. The provisions of the tax credit for low income students
2 scholarship program, K.S.A. 72-4351 through 72-4357, and amendments
3 thereto, shall expire on June 30 of the same fiscal year in which no
4 scholarships are reported as being provided by any scholarship granting
5 organization pursuant to K.S.A. 72-4354, and amendments thereto. In any
6 fiscal year that no scholarships are reported as being provided pursuant to
7 such program, the state board of education shall certify the same to the
8 revisor of statutes.

9 Sec. 8. K.S.A. 72-4352 is hereby amended to read as follows: 72-
10 4352. As used in the tax credit for low income students 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 per school year provided to an eligible student, or to a qualified school
17 with respect to an eligible student, to cover all or a portion of the costs of
18 education including tuition, fees and expenses of a qualified school and, if
19 applicable, the costs of transportation to a qualified school if provided by
20 such qualified school.

21 (d) "Eligible student" means a child who:

22 ~~(1) (A) Is an at-risk student, as defined in K.S.A. 72-5132, and~~
23 ~~amendments thereto, and who is attending a public school; or (B) has been~~
24 ~~eligible to receive an educational scholarship under this program and has~~
25 ~~not graduated from high school or reached 21 years of age;~~

26 ~~(2) resides in Kansas while eligible for an educational scholarship;~~
27 ~~and~~

28 ~~(3) (A) was enrolled in any public school in the previous school year~~
29 ~~in which an educational scholarship is first sought for the child; or (B) is~~
30 ~~eligible to be enrolled in any public school in the school year in which an~~
31 ~~educational scholarship is first sought for the child and the child is under~~
32 ~~the age of six years has previously received an educational scholarship~~
33 ~~from a scholarship granting organization pursuant to the program.~~

34 (e) "Parent" includes a guardian, custodian or other person with
35 authority to act on behalf of the child.

36 (f) "Program" means the tax credit for low income students
37 scholarship program established in K.S.A. 72-99a01 through 72-99a07,
38 and amendments thereto.

39 (g) "Public school" means a school that is operated by a school
40 district, and identified by the state board as one of the lowest 100
41 performing schools with respect to student achievement among all schools
42 operated by school districts for the current school year.

43 (h) "Qualified school" means any nonpublic school that provides

1 education to elementary or secondary students, has notified the state board
2 of its intention to participate in the program and complies with the
3 requirements of the program. On and after July 1, 2020, a qualified school
4 shall be accredited by the state board or a national or regional accrediting
5 agency that is recognized by the state board for the purpose of satisfying
6 the teaching performance assessment for professional licensure.

7 (i) "Scholarship granting organization" means an organization that
8 complies with the requirements of this program and provides educational
9 scholarships to eligible students or to qualified schools in which parents
10 have enrolled eligible students.

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

13 (k) "School year" shall have the meaning ascribed thereto in section
14 4, and amendments thereto.

15 (l) "Secretary" means the secretary of revenue.

16 (m) "State board" means the state board of education.

17 Sec. 9. K.S.A. 72-4354 is hereby amended to read as follows: 72-
18 4354. (a) To be eligible to participate in the program, a scholarship
19 granting organization shall comply with the following:

20 (1) The scholarship granting organization shall notify the secretary
21 and the state board of the scholarship granting organization's intent to
22 provide educational scholarships;

23 (2) upon granting an educational scholarship, the scholarship granting
24 organization shall report such information to the state board;

25 (3) the scholarship granting organization shall provide verification to
26 the secretary that the scholarship granting organization is exempt from
27 federal income taxation pursuant to section 501(c)(3) of the federal
28 internal revenue code of 1986;

29 (4) upon receipt of contributions in an aggregate amount or value in
30 excess of \$50,000 during a school year, a scholarship granting
31 organization shall file with the state board 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 scholarship granting
36 organization's ability to pay an aggregate amount equal to the amount of
37 the contributions expected to be received during the school year, which
38 must be reviewed and approved of in writing by the state board;

39 (5) scholarship granting organizations that provide other nonprofit
40 services in addition to providing educational scholarships shall not
41 commingle contributions made under the program with other contributions
42 made to such organization. A scholarship granting organization under this
43 subsection shall also file with the state board, prior to the commencement

1 of each school year, either:

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

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

9 (6) each qualified school receiving educational scholarships from the
10 scholarship granting organization shall annually certify to the scholarship
11 granting organization its compliance with the requirements of the program;

12 (7) at the end of the calendar year, the scholarship granting
13 organization shall have its accounts examined and audited by a certified
14 public accountant. Such audit shall include, but not be limited to,
15 information verifying that the educational scholarships awarded by the
16 scholarship granting organization were distributed to qualified schools
17 with respect to eligible students determined by the state board under
18 K.S.A. 72-4353(c), and amendments thereto, and information specified in
19 this section. Prior to filing a copy of the audit with the state board, such
20 audit shall be duly verified and certified by a certified public accountant;
21 and

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

26 (b) No scholarship granting organization shall provide an educational
27 scholarship with respect to any eligible student to attend any qualified
28 school with paid staff or paid board members, or relatives thereof, in
29 common with the scholarship granting organization.

30 (c) The scholarship granting organization shall disburse not less than
31 90% of contributions received pursuant to the program in the form of
32 educational scholarships within 36 months of receipt of such contributions.
33 If such contributions have not been disbursed within the applicable 36-
34 month time period, then the scholarship granting organization shall not
35 accept new contributions until 90% of the received contributions have
36 been disbursed in the form of educational scholarships. Any income earned
37 from contributions must be disbursed in the form of educational
38 scholarships.

39 (d) A scholarship granting organization may continue to provide an
40 educational scholarship with respect to a student who was an eligible
41 student in the year immediately preceding the current school year.

42 (e) A scholarship granting organization shall direct payments of
43 educational scholarships to the qualified school attended by the eligible

1 student or in which the eligible student is enrolled. Payment may be made
2 by check made payable to both the parent and the qualified school or to
3 only the qualified school. If an eligible student transfers to a new qualified
4 school during a school year, the scholarship granting organization shall
5 direct payment in a prorated amount to the original qualified school and
6 the new qualified school based on the eligible student's attendance. If the
7 eligible student transfers to a public school and enrolls in such public
8 school after September 20 of the current school year, the scholarship
9 granting organization shall direct payment in a prorated amount to the
10 original qualified school and the public school based on the eligible
11 student's attendance. The prorated amount to the public school shall be
12 considered a donation and shall be paid to the school district of such public
13 school in accordance with K.S.A. 72-1142, and amendments thereto.

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

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

20 (2) the name and address of each eligible student with respect to
21 whom an educational scholarship was awarded by the scholarship granting
22 organization;

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

25 (4) the total number and total dollar amount of educational
26 scholarships awarded during the 12-month reporting period and the total
27 number and total dollar amount of educational scholarships awarded
28 during the 12-month reporting period with respect to eligible students who
29 qualified under K.S.A. 72-4352(d), and amendments thereto.

30 (g) No scholarship granting organization shall:

31 (1) Provide an educational scholarship with respect to an eligible
32 student that is established by funding from any contributions made by any
33 relative of such eligible student; or

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

37 (h) *On and after July 1, 2019, no contribution shall be accepted by*
38 *any scholarship organization for the purposes of the tax credit for low*
39 *income students scholarship program.*

40 Sec. 10. K.S.A. 72-4357 is hereby amended to read as follows: 72-
41 4357. (a) (1) There shall be allowed a credit against the corporate income
42 tax liability imposed upon a taxpayer pursuant to the Kansas income tax
43 act, the privilege tax liability imposed upon a taxpayer pursuant to the

1 privilege tax imposed upon any national banking association, state bank,
2 trust company or savings and loan association pursuant to article 11 of
3 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, and
4 the premium tax liability imposed upon a taxpayer pursuant to the
5 premiums tax and privilege fees imposed upon an insurance company
6 pursuant to K.S.A. 40-252, and amendments thereto, for tax years
7 commencing after December 31, 2014, and ending before January 1, 2017,
8 an amount equal to 70% of the amount contributed to a scholarship
9 granting organization authorized pursuant to K.S.A. 72-4351 et seq., and
10 amendments thereto.

11 (2) There shall be allowed a credit against the tax liability imposed
12 upon a taxpayer pursuant to the Kansas income tax act, the privilege tax
13 liability imposed upon a taxpayer pursuant to the privilege tax imposed
14 upon any national banking association, state bank, trust company or
15 savings and loan association pursuant to article 11 of chapter 79 of the
16 Kansas Statutes Annotated, and amendments thereto, and the premium tax
17 liability imposed upon a taxpayer pursuant to the premiums tax and
18 privilege fees imposed upon an insurance company pursuant to K.S.A. 40-
19 252, and amendments thereto, for tax years ~~commencing after December~~
20 ~~31, 2016~~ 2017, 2018 and 2019, an amount equal to 70% of the amount
21 contributed to a scholarship granting organization authorized pursuant to
22 K.S.A. 72-4351 et seq., and amendments thereto. In no event shall the total
23 amount of contributions for any taxpayer allowed under this subsection
24 exceed \$500,000 for any tax year.

25 (b) The credit shall be claimed and deducted from the taxpayer's tax
26 liability during the tax year in which the contribution was made to any
27 such scholarship granting organization.

28 (c) For each tax year, in no event shall the total amount of credits
29 allowed under this section exceed \$10,000,000 for any one tax year.
30 Except as otherwise provided, the allocation of such tax credits for each
31 scholarship granting organization shall be determined by the scholarship
32 granting organization in consultation with the secretary, and such
33 determination shall be completed prior to the issuance of any tax credits
34 pursuant to this section.

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

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

1 Sec. 11. K.S.A. 2018 Supp. 79-32,138 is hereby amended to read as
2 follows: 79-32,138. (a) Kansas taxable income of a corporation taxable
3 under this act shall be the corporation's federal taxable income for the
4 taxable year with the modifications specified in this section.

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

9 (ii) the amount of all depreciation deductions claimed for any
10 property upon which the deduction allowed by K.S.A. 2018 Supp. 79-
11 32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-
12 32,255 or 79-32,256, and amendments thereto, is claimed;

13 (iii) the amount of any charitable contribution deduction claimed for
14 any contribution or gift to or for the use of any racially segregated
15 educational institution;

16 (iv) for taxable years commencing December 31, 2013, that portion
17 of the amount of any expenditure deduction claimed in determining federal
18 adjusted gross income for expenses paid by a taxpayer for health care
19 when such expenses were paid or incurred for abortion coverage, a health
20 benefit plan, as defined in K.S.A. 65-6731, and amendments thereto, when
21 such expenses were paid or incurred for abortion coverage or amounts
22 contributed to health savings accounts for such taxpayer's employees for
23 the purchase of an optional rider for coverage of abortion in accordance
24 with K.S.A. 2018 Supp. 40-2,190, and amendments thereto;

25 (v) the amount of any charitable contribution deduction claimed for
26 any contribution or gift made to a scholarship granting organization to the
27 extent the same is claimed as the basis for the credit allowed pursuant to
28 K.S.A. 72-4357, and amendments thereto, *or section 6, and amendments*
29 *thereto*; and

30 (vi) the federal net operating loss deduction.

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

35 (ii) the federal income tax liability for any taxable year commencing
36 prior to December 31, 1971, for which a Kansas return was filed after
37 reduction for all credits thereon, except credits for payments on estimates
38 of federal income tax, credits for gasoline and lubricating oil tax, and for
39 foreign tax credits if, on the Kansas income tax return for such prior year,
40 the federal income tax deduction was computed on the basis of the federal
41 income tax paid in such prior year, rather than as accrued. Notwithstanding
42 the foregoing, the deduction for federal income tax liability for any year
43 shall not exceed that portion of the total federal income tax liability for

1 such year which bears the same ratio to the total federal income tax
2 liability for such year as the Kansas taxable income, as computed before
3 any deductions for federal income taxes and after application of
4 subsections (d) and (e) of this section as existing for such year, bears to the
5 federal taxable income for the same year;

6 (iii) an amount for the amortization deduction allowed pursuant to
7 K.S.A. 2018 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-
8 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto;

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

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

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

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

33 Sec. 12. K.S.A. 72-4352, 72-4354 and 72-4357 and K.S.A. 2018
34 Supp. 79-32,138 are hereby repealed.

35 Sec. 13. This act shall take effect and be in force from and after its
36 publication in the statute book.