

HOUSE BILL No. 2070

By Committee on Taxation

1-23

9 AN ACT concerning income taxation; repealing the income tax credit
10 under the Kansas community services program act; amending K.S.A.
11 40-253a and K.S.A. 2008 Supp. 40-2803, 40-2804, 74-50,208, 79-
12 32,117 and 79-32,215 and repealing the existing sections; also repeal-
13 ing K.S.A. 79-32,194 and 79-32,199 and K.S.A. 2008 Supp. 79-
14 32,117m, 79-32,195, 79-32,196, 79-32,197, 79-32,197a, 79-32,198,
15 79-32,199a and 79-32,199b.

16

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

18 Section 1. K.S.A. 40-253a is hereby amended to read as follows: 40-
19 253a. For purposes of calculating any tax due under K.S.A. 40-253, and
20 amendments thereto, from a taxpayer not organized under the laws of
21 this state, the credits allowed pursuant to K.S.A. 40-2813, 74-50,132, 79-
22 32,153; ~~and 79-32,160 and 79-32,196~~, and amendments thereto, shall be
23 treated as tax paid under K.S.A. 40-252, and amendments thereto.

24 Sec. 2. K.S.A. 2008 Supp. 40-2803 is hereby amended to read as
25 follows: 40-2803. For the purpose of computing the tax imposed upon
26 life insurance companies under the provisions of this act the term "net
27 income" shall mean the net taxable income for the preceding calendar
28 year of such company as determined under the provisions of section 802
29 of the internal revenue code of 1954, as ~~heretofore or hereafter~~ amended.
30 The term "net income" shall not include dividends received from stock
31 issued by Kansas Venture Capital, Inc. to the extent such dividends are
32 included in the Kansas taxable income of a corporation, interest income
33 on obligations of this state or a political subdivision thereof which is spe-
34 cifically exempt from income tax under the laws of this state authorizing
35 the issuance of such obligations. ~~The term "net income" shall include the~~
36 ~~amount of any charitable contribution made to the extent the same is~~
37 ~~claimed as the basis for the credit allowed pursuant to K.S.A. 79-32,196,~~
38 ~~and amendments thereto.~~ The term "net income" shall include the
39 amount of any contribution made to the extent the same is claimed as the
40 basis for the credit allowed pursuant to K.S.A. 2008 Supp. 74-50,154, and
41 amendments thereto. In case the entire business of such company is not
42 transacted within this state, the net income for the purposes of this act
43 shall be determined by multiplying such net income by a fraction, the

1 numerator of which shall be the premiums received from business trans-
2 acted within this state and the denominator of which is the amount of
3 premiums received by such company from all its business. Insurance com-
4 panies connected through stock ownership, which operate under common
5 control and management are hereby authorized to make a consolidated
6 return for the purpose of determining “net income” under the provisions
7 of this section and intercompany transactions shall not be considered or
8 included for the purpose of such determination.

9 Sec. 3. K.S.A. 2008 Supp. 40-2804 is hereby amended to read as
10 follows: 40-2804. For the purpose of computing the tax imposed under
11 the provisions of this act, the term “net income” as applied to a domestic
12 fire and casualty insurance company ~~shall mean~~ means the amount re-
13 quired to be reported as “net income” in the annual statement form
14 required to be filed by such company with the Kansas commissioner of
15 insurance under the provisions of K.S.A. 40-225, and amendments
16 thereto; as applied to a domestic mutual hail insurance company the term
17 “net income” ~~shall mean~~ means the amount required to be reported as
18 “net income,” annual increase in reserve fund in section VII of the annual
19 statement form required to be filed by such company with the Kansas
20 commissioner of insurance under the provisions of K.S.A. 40-225, and
21 amendments thereto; and as applied to a domestic county mutual fire
22 insurance company the term “net income” ~~shall mean~~ means the amount
23 required to be reported as “net income,” annual net gain in its combined
24 reserve and general funds in section VII of the annual statement form
25 required to be filed by such company with the Kansas commissioner of
26 insurance under the provisions of K.S.A. 40-225, and amendments
27 thereto. If any such domestic fire and casualty insurance company, do-
28 mestic mutual hail insurance company, or domestic county mutual fire
29 insurance company does business in states other than Kansas its “net
30 income” shall be determined by the proportion of net premiums ~~€, gross~~
31 premiums less cancellations, received from business written in Kansas
32 compared to total net premiums received from all its business. Insurance
33 companies connected through stock ownership with a common parent
34 corporation, which operate under common control and management are
35 hereby authorized to make a consolidated return for the purpose of de-
36 termining “net income” under the provisions of this section and inter-
37 company transactions shall not be considered or included for the purpose
38 of such determination. If a domestic insurance company is exempt for
39 any reason from filing an annual statement with the Kansas insurance
40 department, its net income shall be determined in the same manner as
41 herein provided. For the purposes of this section, the term “net income”
42 shall not include dividends received from stock issued by Kansas Venture
43 Capital, Inc. to the extent such dividends are included in the Kansas

1 taxable income of a corporation, interest income on obligations of this
2 state or a political subdivision thereof which is specifically exempt from
3 income tax under the laws of this state authorizing the issuance of such
4 obligations. ~~For the purposes of this section, the term "net income" shall~~
5 ~~include the amount of any charitable contribution made to the extent the~~
6 ~~same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-~~
7 ~~32,196, and amendments thereto.~~ For the purposes of this section, the
8 term "net income" shall include the amount of any contribution made to
9 the extent the same is claimed as the basis for the credit allowed pursuant
10 to K.S.A. 2008 Supp. 74-50,154, and amendments thereto.

11 Sec. 4. K.S.A. 2008 Supp. 74-50,208 is hereby amended to read as
12 follows: 74-50,208. (a) A program contributor shall be allowed a credit
13 against state income tax imposed under the Kansas income tax act in an
14 amount not to exceed 50% of the contribution amount. If the amount of
15 the credit allowed by this section exceeds the taxpayer's income tax lia-
16 bility imposed under the Kansas income tax act, such excess amount shall
17 be refunded to the taxpayer. ~~No credit pursuant to this section shall be~~
18 ~~allowed for any contribution made by a program contributor which also~~
19 ~~qualified for a community services tax credit pursuant to the provisions~~
20 ~~of K.S.A. 79-32,195 et seq., and amendments thereto.~~

21 (b) The administration of the community-based organization, with
22 the cooperation of the participating financial institutions, shall submit the
23 names of contributors and the total amount each contributor contributes
24 to the individual development account reserve fund for the calendar year.
25 The secretary of revenue shall determine the date by which such infor-
26 mation shall be submitted to the department of revenue by the local
27 administrator.

28 (c) The total tax credits authorized pursuant to this section shall not
29 exceed \$500,000 in any fiscal year.

30 (d) The provisions of this section shall be applicable to all taxable
31 years commencing after December 31, ~~2004~~ 2008.

32 Sec. 5. K.S.A. 2008 Supp. 79-32,117 is hereby amended to read as
33 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
34 means such individual's federal adjusted gross income for the taxable year,
35 with the modifications specified in this section.

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

37 (i) Interest income less any related expenses directly incurred in the
38 purchase of state or political subdivision obligations, to the extent that
39 the same is not included in federal adjusted gross income, on obligations
40 of any state or political subdivision thereof, but to the extent that interest
41 income on obligations of this state or a political subdivision thereof issued
42 prior to January 1, 1988, is specifically exempt from income tax under the
43 laws of this state authorizing the issuance of such obligations, it shall be

- 1 excluded from computation of Kansas adjusted gross income whether or
2 not included in federal adjusted gross income. Interest income on obli-
3 gations of this state or a political subdivision thereof issued after Decem-
4 ber 31, 1987, shall be excluded from computation of Kansas adjusted
5 gross income whether or not included in federal adjusted gross income.
- 6 (ii) Taxes on or measured by income or fees or payments in lieu of
7 income taxes imposed by this state or any other taxing jurisdiction to the
8 extent deductible in determining federal adjusted gross income and not
9 credited against federal income tax. This paragraph shall not apply to taxes
10 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amend-
11 ments thereto, for privilege tax year 1995, and all such years thereafter.
- 12 (iii) The federal net operating loss deduction.
- 13 (iv) Federal income tax refunds received by the taxpayer if the de-
14 duction of the taxes being refunded resulted in a tax benefit for Kansas
15 income tax purposes during a prior taxable year. Such refunds shall be
16 included in income in the year actually received regardless of the method
17 of accounting used by the taxpayer. For purposes hereof, a tax benefit
18 shall be deemed to have resulted if the amount of the tax had been de-
19 ducted in determining income subject to a Kansas income tax for a prior
20 year regardless of the rate of taxation applied in such prior year to the
21 Kansas taxable income, but only that portion of the refund shall be in-
22 cluded as bears the same proportion to the total refund received as the
23 federal taxes deducted in the year to which such refund is attributable
24 bears to the total federal income taxes paid for such year. For purposes
25 of the foregoing sentence, federal taxes shall be considered to have been
26 deducted only to the extent such deduction does not reduce Kansas tax-
27 able income below zero.
- 28 (v) The amount of any depreciation deduction or business expense
29 deduction claimed on the taxpayer's federal income tax return for any
30 capital expenditure in making any building or facility accessible to the
31 handicapped, for which expenditure the taxpayer claimed the credit al-
32 lowed by K.S.A. 79-32,177, and amendments thereto.
- 33 (vi) Any amount of designated employee contributions picked up by
34 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
35 and amendments to such sections.
- 36 (vii) ~~The amount of any charitable contribution made to the extent~~
37 ~~the same is claimed as the basis for the credit allowed pursuant to K.S.A.~~
38 ~~79-32,196, and amendments thereto.~~
- 39 ~~(viii)~~ The amount of any costs incurred for improvements to a swine
40 facility, claimed for deduction in determining federal adjusted gross in-
41 come, to the extent the same is claimed as the basis for any credit allowed
42 pursuant to K.S.A. 2008 Supp. 79-32,204 and amendments thereto.
- 43 ~~(ix)~~ (viii) The amount of any ad valorem taxes and assessments paid

1 and the amount of any costs incurred for habitat management or con-
2 struction and maintenance of improvements on real property, claimed for
3 deduction in determining federal adjusted gross income, to the extent the
4 same is claimed as the basis for any credit allowed pursuant to K.S.A. 79-
5 32,203 and amendments thereto.

6 ~~(x)~~ (xi) Amounts received as nonqualified withdrawals, as defined by
7 K.S.A. 2008 Supp. 75-643, and amendments thereto, if, at the time of
8 contribution to a family postsecondary education savings account, such
9 amounts were subtracted from the federal adjusted gross income pur-
10 suant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amend-
11 ments thereto, or if such amounts are not already included in the federal
12 adjusted gross income.

13 ~~(xi)~~ (x) The amount of any contribution made to the same extent the
14 same is claimed as the basis for the credit allowed pursuant to K.S.A.
15 2008 Supp. 74-50,154, and amendments thereto.

16 ~~(xii)~~ (xi) For taxable years commencing after December 31, 2004,
17 amounts received as withdrawals not in accordance with the provisions
18 of K.S.A. 2008 Supp. 74-50,204, and amendments thereto, if, at the time
19 of contribution to an individual development account, such amounts were
20 subtracted from the federal adjusted gross income pursuant to paragraph
21 (xiii) of subsection (c), or if such amounts are not already included in the
22 federal adjusted gross income.

23 ~~(xiii)~~ (xii) The amount of any expenditures claimed for deduction in
24 determining federal adjusted gross income, to the extent the same is
25 claimed as the basis for any credit allowed pursuant to K.S.A. 2008 Supp.
26 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

27 ~~(xiv)~~ (xiii) The amount of any amortization deduction claimed in de-
28 termining federal adjusted gross income to the extent the same is claimed
29 for deduction pursuant to K.S.A. 2008 Supp. 79-32,221, and amendments
30 thereto.

31 ~~(xv)~~ (xiv) The amount of any expenditures claimed for deduction in
32 determining federal adjusted gross income, to the extent the same is
33 claimed as the basis for any credit allowed pursuant to K.S.A. 2008 Supp.
34 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
35 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
36 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

37 ~~(xvi)~~ (xv) The amount of any amortization deduction claimed in de-
38 termining federal adjusted gross income to the extent the same is claimed
39 for deduction pursuant to K.S.A. 2008 Supp. 79-32,227, 79-32,232, 79-
40 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

41 ~~(xvii)~~ (xvi) The amount of any amortization deduction claimed in de-
42 termining federal adjusted gross income to the extent the same is claimed
43 for deduction pursuant to K.S.A. 2008 Supp. 79-32,256, and amendments

1 thereto.

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

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

13 (i) Interest or dividend income on obligations or securities of any
14 authority, commission or instrumentality of the United States and its pos-
15 sessions less any related expenses directly incurred in the purchase of
16 such obligations or securities, to the extent included in federal adjusted
17 gross income but exempt from state income taxes under the laws of the
18 United States.

19 (ii) Any amounts received which are included in federal adjusted
20 gross income but which are specifically exempt from Kansas income tax-
21 ation under the laws of the state of Kansas.

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

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

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

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

- 1 (vii) Amounts received as annuities under the federal civil service
2 retirement system from the civil service retirement and disability fund
3 and other amounts received as retirement benefits in whatever form
4 which were earned for being employed by the federal government or for
5 service in the armed forces of the United States.
- 6 (viii) Amounts received by retired railroad employees as a supple-
7 mental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1)
8 et seq.
- 9 (ix) Amounts received by retired employees of a city and by retired
10 employees of any board of such city as retirement allowances pursuant to
11 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
12 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
13 amendments thereto.
- 14 (x) For taxable years beginning after December 31, 1976, the amount
15 of the federal tentative jobs tax credit disallowance under the provisions
16 of 26 U.S.C. 280 C. For taxable years ending after December 31, 1978,
17 the amount of the targeted jobs tax credit and work incentive credit dis-
18 allowances under 26 U.S.C. 280 C.
- 19 (xi) For taxable years beginning after December 31, 1986, dividend
20 income on stock issued by Kansas Venture Capital, Inc.
- 21 (xii) For taxable years beginning after December 31, 1989, amounts
22 received by retired employees of a board of public utilities as pension and
23 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249
24 and amendments thereto.
- 25 (xiii) For taxable years beginning after December 31, 2004, amounts
26 contributed to and the amount of income earned on contributions de-
27 posited to an individual development account under K.S.A. 2008 Supp.
28 74-50,201, et seq., and amendments thereto.
- 29 (xiv) For all taxable years commencing after December 31, 1996, that
30 portion of any income of a bank organized under the laws of this state or
31 any other state, a national banking association organized under the laws
32 of the United States, an association organized under the savings and loan
33 code of this state or any other state, or a federal savings association or-
34 ganized under the laws of the United States, for which an election as an
35 S corporation under subchapter S of the federal internal revenue code is
36 in effect, which accrues to the taxpayer who is a stockholder of such
37 corporation and which is not distributed to the stockholders as dividends
38 of the corporation.
- 39 (xv) For all taxable years beginning after December 31, 2006,
40 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
41 joint return, for each designated beneficiary which are contributed to a
42 family postsecondary education savings account established under the
43 Kansas postsecondary education savings program or a qualified tuition

1 program established and maintained by another state or agency or instru-
2 mentality thereof pursuant to section 529 of the internal revenue code of
3 1986, as amended, for the purpose of paying the qualified higher edu-
4 cation expenses of a designated beneficiary at an institution of postsecon-
5 dary education. The terms and phrases used in this paragraph shall have
6 the meaning respectively ascribed thereto by the provisions of K.S.A.
7 2008 Supp. 75-643, and amendments thereto, and the provisions of such
8 section are hereby incorporated by reference for all purposes thereof.

9 (xvi) For the tax year beginning after December 31, 2004, an amount
10 not exceeding \$500; for the tax year beginning after December 31, 2005,
11 an amount not exceeding \$600; for the tax year beginning after December
12 31, 2006, an amount not exceeding \$700; for the tax year beginning after
13 December 31, 2007, an amount not exceeding \$800; for the tax year
14 beginning December 31, 2008, an amount not exceeding \$900; and for
15 all taxable years commencing after December 31, 2009, an amount not
16 exceeding \$1,000 of the premium costs for qualified long-term care in-
17 surance contracts, as defined by subsection (b) of section 7702B of public
18 law 104-191.

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

29 (xviii) For all taxable years beginning after December 31, 2004,
30 amounts received by taxpayers who are eligible members of the Kansas
31 army and air national guard as a reimbursement pursuant to K.S.A. 48-
32 281, and amendments thereto, and amounts received for death benefits
33 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to sec-
34 tion 1 or section 2 of chapter 207 of the 2005 session laws of Kansas, and
35 amendments thereto, to the extent that such death benefits are included
36 in federal adjusted gross income of the taxpayer.

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

1 are included in federal adjusted gross income of a taxpayer with federal
2 adjusted gross income of \$75,000 or less, whether such taxpayer's filing
3 status is single, head of household, married filing separate or married
4 filing jointly.

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

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

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

16 Sec. 6. K.S.A. 2008 Supp. 79-32,215 is hereby amended to read as
17 follows: 79-32,215. (a) For taxable years 2005, 2006 and 2007, any busi-
18 ness firm which has entered into a partnership agreement pursuant to
19 subsection (f) shall be allowed a credit against the income tax imposed
20 by the Kansas income tax act as follows:

21 (1) An amount equal to 25% of the amount paid during the taxable
22 year by such business firm to teachers as salary pursuant to the partner-
23 ship agreement; or

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

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

43 (c) The credit allowed by this section shall not exceed the amount of

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

11 (d) Prior to a business firm claiming this tax credit, the secretary of
12 revenue shall require each business firm to submit for approval the fol-
13 lowing information on forms as prescribed by the secretary: (1) Each
14 partnership agreement; (2) the salary amount paid to each teacher during
15 the taxable year by such business firm pursuant to such partnership agree-
16 ment and for which the tax credit is sought; and (3) such further infor-
17 mation as the secretary may require to administer this provision.

18 (e) As used in this section:

19 (1) "Business firm" means any business entity authorized to do busi-
20 ness in the state of Kansas which is subject to the state income tax im-
21 posed by the provisions of the Kansas income tax act and any individual
22 subject to the state income tax imposed by the provisions of the Kansas
23 income tax act.

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

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

29 (4) "Partnership agreement" means an agreement entered into pur-
30 suant to subsection (f). Such agreement shall contain a description of the
31 duties of the position the teacher shall be performing, sufficient to estab-
32 lish that such position satisfies the criteria set forth in subsection (f).

33 (5) "Rural community" ~~shall have the meaning ascribed thereto by~~
34 ~~K.S.A. 79-32,195, and amendments thereto~~ *means any city having a pop-*
35 *ulation of fewer than 15,000 located in a county that is not part of a*
36 *standard metropolitan statistical area as defined by the United States*
37 *department of commerce or its successor agency. However, any such city*
38 *located in a county defined as a standard metropolitan statistical area*
39 *shall be deemed a rural community if a substantial number of persons in*
40 *such county derive their income from agriculture and, in any county*
41 *where there is only one city within the county which has a population of*
42 *more than 15,000 and which classifies as a standard metropolitan statis-*
43 *tical area, all other cities in that county having a population of less than*

1 *15,000 shall be deemed a rural community.*

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

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

17 (g) The secretary of revenue shall submit an annual report to the
18 chairperson of the legislative educational planning committee regarding
19 utilization of the credits claimed pursuant to this act, for purposes of
20 evaluation of the program by such committee. Such report shall be due
21 on or before the first day of the legislative session, commencing with the
22 2007 legislative session and ending with the 2009 legislative session.

23 Sec. 7. K.S.A. 40-253a, 79-32,194 and 79-32,199 and K.S.A. 2008
24 Supp. 40-2803, 40-2804, 74-50,208, 79-32,117, 79-32,117m, 79-32,195,
25 79-32,196, 79-32,197, 79-32,197a, 79-32,198, 79-32,199a, 79-32,199b and
26 79-32,215 are hereby repealed.

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