

CHAPTER 129
SENATE BILL No. 138*

AN ACT concerning mathematics and science teachers; providing a tax credit against the income tax liability of certain business firms; establishing the mathematics and science teacher service scholarship act.

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

Section 1. (a) For taxable years 2005, 2006 and 2007, any business firm which has entered into a partnership agreement pursuant to subsection (f) shall be allowed a credit against the income tax imposed by the Kansas income tax act as follows:

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

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

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

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

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

(e) As used in this section:

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

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

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

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

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

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

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

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

Sec. 2. (a) Sections 2 through 9 shall be known and may be cited as the mathematics and science teacher service scholarship program.

(b) The provisions of this act shall expire on June 30, 2010.

Sec. 3. As used in sections 2 through 9, and amendments thereto:

(a) “Executive officer” means the chief executive officer of the state board of regents appointed under K.S.A. 74-3203a, and amendments thereto;

(b) “qualified student” means a person who: (1) Is a resident of the state of Kansas; (2) has been accepted for admission to or is enrolled full-time in an approved course of instruction leading to licensure as a teacher in the disciplines of mathematics or science for any of the grades six through 12; and (3) has qualified for the award of a scholarship under the mathematics and science teacher service scholarship program on the basis of having demonstrated scholastic ability, or who has previously so qualified and remains qualified for renewal of the scholarship on the basis of remaining in good standing and making satisfactory progress toward completion of the requirements of the course of instruction in which enrolled.

Sec. 4. (a) There is hereby established the mathematics and science teacher service scholarship program. The number of new scholarships awarded each year shall not exceed 50. A scholarship may be awarded under such program to any qualified student and may be renewed for each such student who remains qualified for the scholarship. Determination of the students qualified for such scholarships shall be made by the executive officer. Scholastic ability shall be determined on the basis of cumulative college grade point average and any other indicator of scholastic ability which the state board of regents determines to be demonstrative of potential for successful completion of a course of instruction leading to licensure as a teacher. To the extent practicable and consistent with qualification factors, preference shall be given to students who have received at least 60 credit hours in an approved course of instruction leading to licensure as a teacher in the disciplines of mathematics or science for any of the grades six through 12.

(b) A scholarship awarded under the program shall provide for payment to a qualified student of \$2500 each semester or its equivalent. A qualified student may be awarded a scholarship for not more than two academic years of study.

Sec. 5. (a) An applicant for designation as a qualified student and for the award of a scholarship under the mathematics and science teacher service scholarship program shall provide to the executive officer, on forms supplied by the executive officer, information required by the executive officer.

(b) As a condition to awarding a scholarship under this act, the executive officer and the applicant shall enter into an agreement which shall require the applicant to:

(1) Complete the required course of instruction leading to licensure as a teacher in the disciplines of mathematics or science for any of the grades six through 12;

(2) engage in teaching in Kansas in the disciplines of mathematics or

science for any of the grades six through 12 and comply with such other terms and conditions as may be specified by such agreement;

(3) commence teaching on a full-time basis in Kansas in an accredited public or private school in accordance with the agreement and continue teaching on a full-time basis for a period of not less than four years or commence teaching on a part-time basis in Kansas in an accredited public or private school in accordance with the agreement and continue teaching on such a part-time basis for a period of time that is equivalent to teaching on a full-time basis for a period of not less than four years, as determined by the state board of regents;

(4) commence teaching in Kansas on a full-time or part-time basis within six months after licensure and continue teaching for the period of time required by the agreement;

(5) maintain records and make reports to the executive officer as required by the executive officer to document the satisfaction of the obligations under this act and the agreement; and

(6) upon failure to satisfy an agreement to engage in teaching for the required period of time under any such agreement, repay to the state amounts as provided in section 6, and amendments thereto.

Sec. 6. (a) Except as provided in section 7, and amendments thereto, upon the failure of any person to satisfy the obligation under any agreement entered into pursuant to the mathematics and science teacher service scholarship program, such person shall pay to the executive officer an amount equal to the total amount of money received by such person pursuant to such agreement plus accrued interest at a rate which is equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such person first entered into an agreement plus five percentage points. Amounts of payment under this section shall be adjusted proportionately for full years of the obligation that have been satisfied. Installment payments of any such amounts may be made in accordance with the provisions of the agreement entered into by the scholarship recipient or if no such provisions exist in such agreement, in accordance with rules and regulations of the state board of regents, except that such installment payments shall commence six months after the date of the action or circumstances that cause the failure of the person to satisfy the obligations of such agreements, as determined by the executive officer based upon the circumstances of each individual case. Amounts paid under this section to the executive officer shall be deposited in the mathematics and science teacher service scholarship repayment fund in accordance with section 9, and amendments thereto.

(b) The state board of regents is authorized to turn any repayment account arising under the mathematics and sciences teacher service scholarship program over to a designated loan servicer or collection agency, the state not being involved other than to receive payments from the loan servicer or collection agency at the interest rate prescribed under this section.

Sec. 7. (a) Except as otherwise specified in the agreement, an obligation under any agreement entered into under the teacher service scholarship program shall be postponed: (1) During any required period of active military service; (2) during any period of service as a part of volunteers in service to America (VISTA); (3) during any period of service in the peace corps; (4) during any period of service commitment to the United States public health service; (5) during any period of religious missionary work conducted by an organization exempt from tax under section 501(c)(3) of the federal internal revenue code as in effect on December 31, 2000; (6) during any period of time the person obligated is unable because of temporary medical disability to teach; (7) during any period of time the person obligated is enrolled and actively engaged on a full-time basis in a course of study leading to a degree in the field of education which is higher than that formerly attained; (8) during any period of time the person obligated is on job-protected leave under the federal family and medical leave act of 1993; or (9) during any period of time the state board of regents determines that the person obligated is unable because of special circumstances to teach. Except for clauses (6), (8) and (9), an obligation under any agreement entered into as provided in the mathematics and science teacher service scholarship program shall not be postponed more than five years from the time the obligation was to have been commenced under such agreement. An obligation under any agreement entered into as provided in the mathematics and science

teacher service scholarship program shall be postponed under clause (6) during the period of time the medical disability exists. An obligation under any agreement entered into as provided in the mathematics and science teacher service scholarship program shall be postponed under clause (8) during the period of time the person obligated remains on FMLA leave. An obligation to engage in teaching in accordance with an agreement under the mathematics and science teacher service scholarship program shall be postponed under clause (9) during the period of time the state board of regents determines that the special circumstances exist. The state board of regents shall adopt rules and regulations prescribing criteria or guidelines for determination of the existence of special circumstances causing an inability to teach, and shall determine the documentation required to prove the existence of such circumstances.

(b) An obligation under any agreement entered into as provided in the mathematics and science teacher service scholarship program shall be satisfied: (1) If the obligation has been completed in accordance with the agreement; (2) if the person obligated dies; (3) if, because of permanent physical disability, the person obligated is unable to satisfy the obligation; (4) if the person obligated fails to satisfy the requirements for a graduation from a teacher education program in the disciplines of mathematics or science in any of the grades six through 12 after making the best effort possible; (5) if the person obligated fails to satisfy all requirements for licensure to teach in Kansas or has been denied licensure after applying for a license to teach and making the best effort possible to obtain such license; or (6) if the person obligated is unable to obtain employment as a teacher in the disciplines of mathematics or science in any of the grades six through 12 after making the best effort possible to obtain such employment and the person obligated otherwise completes the terms, conditions and obligations of the agreement.

Sec. 8. The state board of regents shall adopt rules and regulations for administration of the mathematics and science teacher service scholarship program and shall establish terms, conditions and obligations which shall be incorporated into the provisions of any agreement entered into between the executive officer and an applicant for the award of a scholarship under the program. The terms, conditions and obligations shall be consistent with the provisions of law relating to the program and shall include, but not be limited to, the circumstances under which eligibility for financial assistance under the program may be terminated, the amount of financial assistance to be provided, the circumstances under which obligations may be discharged or forgiven, the amount of money required to be repaid because of failure to satisfy the obligations under an agreement and the method of repayment.

Sec. 9. (a) There is hereby created in the state treasury the mathematics and science teacher service scholarship program fund. The executive officer shall remit all moneys received under such program, which are paid because of nonattendance or discontinuance by scholarship recipients, to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the mathematics and science teacher service scholarship program fund. All expenditures from such fund shall be for scholarships awarded under the mathematics and science teacher service scholarship program and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive officer or by a person designated by the executive officer.

(b) There is hereby created in the state treasury the mathematics and science teacher service scholarship repayment fund. The executive officer shall remit all moneys received under the mathematics and science teacher service scholarship program, which are for payment of amounts pursuant to section 5, and amendments thereto, to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the mathematics and science teacher service scholarship repayment fund. All expenditures from such fund shall be for scholarships awarded under the mathematics and science teacher service scholarship program and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by

the executive officer or by a person designated by the executive officer.

Sec. 10. This act shall take effect and be in force from and after its publication in the statute book.

Approved April 13, 2005.
