

HOUSE BILL No. 2771

By Committee on Appropriations

3-6

1 AN ACT concerning education; relating to the instruction and financing
2 thereof; relating to the Kansas school equity and enhancement act;
3 relating to the tax credit for low income students program act;
4 amending K.S.A. 2017 Supp. 72-4352, 72-4354, 72-4357, 72-5131, 72-
5 5132, 72-5133, 72-5143, 72-5144, 72-5145, 72-5148, 72-5149, 72-
6 5150, 72-5151, 72-5153, 72-5155, 72-5171, 72-53,113, 72-53,116, 72-
7 5461, 72-5462 and 79-32,117 and repealing the existing sections; also
8 repealing K.S.A. 2016 Supp. 72-99a02, as amended by section 96 of
9 chapter 95 of the 2017 Session Laws of Kansas and K.S.A. 2017 Supp.
10 72-1171, 72-5172, 72-5176, 72-6463, 72-6464, 72-6465, 72-6466, 72-
11 6467, 72-6468, 72-6469, 72-6470, 72-6471, 72-6472, 72-6473, 72-
12 6474, 72-6475, 72-6477, 72-6478, 72-6479, 72-6480, 72-6481 and 79-
13 32,117o.
14

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

16 Section 1. K.S.A. 2017 Supp. 72-4352 is hereby amended to read as
17 follows: 72-4352. As used in the tax credit for low income students
18 scholarship program act:

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

21 (b) "Department" means the Kansas department of revenue.

22 (c) "Educational scholarship" means an amount not to exceed \$8,000
23 per school year provided to an eligible student, or to a qualified school
24 with respect to an eligible student, to cover all or a portion of the costs of
25 education including tuition, fees and expenses of a qualified school and, if
26 applicable, the costs of transportation to a qualified school if provided by
27 such qualified school.

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

29 (1) ~~(A) Qualifies as an at-risk pupil as defined in K.S.A. 72-6407,~~
30 ~~prior to its repeal; Is an at-risk student, as defined in K.S.A. 2017 Supp.~~
31 ~~72-5132, and amendments thereto,~~ and who is attending a public school;
32 or (B) has been eligible to receive an educational scholarship under this
33 program and has not graduated from high school or reached 21 years of
34 age;

35 (2) resides in Kansas while eligible for an educational scholarship;
36 and

1 (3) (A) was enrolled in any public school in the previous school year
2 in which an educational scholarship is first sought for the child; or (B) is
3 eligible to be enrolled in any public school in the school year in which an
4 educational scholarship is first sought for the child and the child is under
5 the age of six years.

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

8 (f) "Program" means the tax credit for low income students
9 scholarship program established in K.S.A. 2017 Supp. 72-4351 through
10 72-4357, and amendments thereto.

11 (g) "Public school" means a school that ~~would qualify as either a title~~
12 ~~I focus school or a title I priority school as described by the state board~~
13 ~~under the elementary and secondary education act flexibility waiver as~~
14 ~~amended in January 2013, and is operated by a school district, and~~
15 ~~identified by the state board as one of the lowest 100 performing schools~~
16 ~~with respect to student achievement among all schools operated by school~~
17 ~~districts for the current school year.~~

18 (h) "Qualified school" means ~~any nonpublic school that provides~~
19 ~~education to elementary or secondary students, has notified the state board~~
20 ~~of its intention to participate in the program and complies with the~~
21 ~~requirements of the program:~~

22 (1) *A nonpublic school that does not offer any of the grades nine*
23 *through 12, and is accredited by the state board;*

24 (2) *a nonpublic school that offers any of the grades nine through 12,*
25 *and:*

26 (A) *Whose postsecondary effective rate exceeds the trend line for*
27 *such rate among all school districts and accredited nonpublic schools as*
28 *determined by the state board; or*

29 (B) *whose composite ACT score exceeds the statewide average*
30 *composite ACT score for all school districts and accredited nonpublic*
31 *schools; or*

32 (3) *a nonpublic school that was a participating qualified school prior*
33 *to July 1, 2018, or that has been a qualified school participating in the*
34 *program in any preceding school year. Each qualified school shall provide*
35 *education to elementary or secondary students, notify the state board of its*
36 *intention to participate in the program and comply with the requirements*
37 *of the program.*

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

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

1 (k) "School year" shall have the meaning ascribed thereto in K.S.A.
2 2017 Supp. 72-5132, and amendments thereto.

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

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

5 Sec. 2. K.S.A. 2017 Supp. 72-4354 is hereby amended to read as
6 follows: 72-4354. (a) To be eligible to participate in the program, a
7 scholarship granting organization shall comply with the following:

8 (1) The scholarship granting organization shall notify the secretary
9 and the state board of the scholarship granting organization's intent to
10 provide educational scholarships;

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

13 (3) the scholarship granting organization shall provide verification to
14 the secretary that the scholarship granting organization is exempt from
15 federal income taxation pursuant to section 501(c)(3) of the federal
16 internal revenue code of 1986;

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

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

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

27 (5) scholarship granting organizations that provide other nonprofit
28 services in addition to providing educational scholarships shall not
29 commingle contributions made under the program with other contributions
30 made to such organization. A scholarship granting organization under this
31 subsection shall also file with the state board, prior to the commencement
32 of each school year, either:

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

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

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

43 (7) at the end of the calendar year, the scholarship granting

1 organization shall have its accounts examined and audited by a certified
2 public accountant. Such audit shall include, but not be limited to,
3 information verifying that the educational scholarships awarded by the
4 scholarship granting organization were distributed to qualified schools
5 with respect to eligible students determined by the state board under
6 K.S.A. 2017 Supp. 72-4353(c), and amendments thereto, and information
7 specified in this section. Prior to filing a copy of the audit with the state
8 board, such audit shall be duly verified and certified by a certified public
9 accountant; and

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

14 *(b) A scholarship granting organization shall award at least 50% of*
15 *all education scholarships in a school year to eligible students who are*
16 *certified by the department for children and families as a member of a*
17 *family whose household income does not exceed 130% of the federal*
18 *poverty level established under the most recent poverty income guidelines*
19 *published in the calendar year by the United States department of health*
20 *and human services.*

21 ~~(b)~~(c) No scholarship granting organization shall provide an
22 educational scholarship with respect to any eligible student to attend any
23 qualified school with paid staff or paid board members, or relatives
24 thereof, in common with the scholarship granting organization.

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

34 ~~(d)~~(e) A scholarship granting organization may continue to provide an
35 educational scholarship with respect to a student who was an eligible
36 student in the year immediately preceding the current school year.

37 ~~(e)~~(f) A scholarship granting organization shall direct payments of
38 educational scholarships to the qualified school attended by the eligible
39 student or in which the eligible student is enrolled. Payment may be made
40 by check made payable to both the parent and the qualified school or to
41 only the qualified school. If an eligible student transfers to a new qualified
42 school during a school year, the scholarship granting organization shall
43 direct payment in a prorated amount to the original qualified school and

1 the new qualified school based on the eligible student's attendance. If the
2 eligible student transfers to a public school and enrolls in such public
3 school after September 20 of the current school year, the scholarship
4 granting organization shall direct payment in a prorated amount to the
5 original qualified school and the public school based on the eligible
6 student's attendance. The prorated amount to the public school shall be
7 considered a donation and shall be paid to the school district of such public
8 school in accordance with K.S.A. 2017 Supp. 72-1142, and amendments
9 thereto.

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

- 16 (1) The name and address of the scholarship granting organization;
- 17 (2) the name and address of each eligible student with respect to
18 whom an educational scholarship was awarded by the scholarship granting
19 organization;
- 20 (3) the total number and total dollar amount of contributions received
21 during the 12-month reporting period; and
- 22 (4) the total number and total dollar amount of educational
23 scholarships awarded during the 12-month reporting period and the total
24 number and total dollar amount of educational scholarships awarded
25 during the 12-month reporting period with respect to eligible students who
26 qualified under K.S.A. 2017 Supp. 72-4352(d), and amendments thereto.

27 ~~(g)~~(h) No scholarship granting organization shall:

- 28 (1) Provide an educational scholarship with respect to an eligible
29 student that is established by funding from any contributions made by any
30 relative of such eligible student; or
- 31 (2) accept a contribution from any source with the express or implied
32 condition that such contribution be directed toward an educational
33 scholarship for a particular eligible student.

34 Sec. 3. K.S.A. 2017 Supp. 72-4357 is hereby amended to read as
35 follows: 72-4357. (a)~~(f)~~ There shall be allowed a credit against the
36 corporate income tax liability imposed upon a taxpayer pursuant to the
37 Kansas income tax act, the privilege tax liability imposed upon a taxpayer
38 pursuant to the privilege tax imposed upon any national banking
39 association, state bank, trust company or savings and loan association
40 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and
41 amendments thereto, and the premium tax liability imposed upon a
42 taxpayer pursuant to the premiums tax and privilege fees imposed upon an
43 insurance company pursuant to K.S.A. 40-252, and amendments thereto,

1 for tax years commencing after December 31, 2014, ~~and ending before~~
2 ~~January 1, 2017~~, an amount equal to 70% of the amount contributed to a
3 scholarship granting organization authorized pursuant to K.S.A. 2017
4 Supp. 72-4351 et seq., and amendments thereto.

5 (2) There shall be allowed a credit against the tax liability imposed
6 upon a taxpayer pursuant to the Kansas income tax act, the privilege tax
7 liability imposed upon a taxpayer pursuant to the privilege tax imposed
8 upon any national banking association, state bank, trust company or
9 savings and loan association pursuant to article 11 of chapter 79 of the
10 Kansas Statutes Annotated, and amendments thereto, and the premium tax
11 liability imposed upon a taxpayer pursuant to the premiums tax and
12 privilege fees imposed upon an insurance company pursuant to K.S.A. 40-
13 252, and amendments thereto, for tax years commencing after December
14 31, 2016, *and ending before January 1, 2018*, an amount equal to 70% of
15 the amount contributed to a scholarship granting organization authorized
16 pursuant to K.S.A. 2017 Supp. 72-4351 et seq., and amendments thereto.
17 In no event shall the total amount of contributions for any taxpayer
18 allowed under this subsection exceed \$500,000 for any tax year.

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

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

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

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

38 Sec. 4. K.S.A. 2017 Supp. 72-5131 is hereby amended to read as
39 follows: 72-5131. K.S.A. 2017 Supp. 72-5131 through ~~72-5176~~ 72-5175,
40 and amendments thereto, shall be known and may be cited as the Kansas
41 school equity and enhancement act.

42 Sec. 5. K.S.A. 2017 Supp. 72-5132 is hereby amended to read as
43 follows: 72-5132. As used in the Kansas school equity and enhancement

1 act, K.S.A. 2017 Supp. 72-5131 et seq., and amendments thereto:

2 (a) "Adjusted enrollment" means the enrollment of a school district
 3 adjusted by adding the following weightings, if any, to the enrollment of a
 4 school district: At-risk student weighting; bilingual weighting; career
 5 technical education weighting; ~~declining enrollment weighting;~~ high-
 6 density at-risk student weighting; ~~high enrollment weighting;~~ ~~low~~
 7 ~~enrollment weighting;~~ school facilities weighting; ancillary school
 8 facilities weighting; cost-of-living weighting; special education and related
 9 services weighting; and transportation weighting.

10 (b) "Ancillary school facilities weighting" means an addend
 11 component assigned to the enrollment of school districts pursuant to
 12 K.S.A. 2017 Supp. 72-5158, and amendments thereto, on the basis of costs
 13 attributable to commencing operation of one or more new school facilities
 14 by such school districts.

15 (c) (1) "At-risk student" means a student who is eligible for free
 16 meals under the national school lunch act, and who is enrolled in a school
 17 district that maintains an approved at-risk student assistance program.

18 (2) The term "at-risk student" shall not include any student enrolled
 19 in any of the grades one through 12 who is in attendance less than full
 20 time, or any student who is over 19 years of age. The provisions of this
 21 paragraph shall not apply to any student who has an individualized
 22 education program.

23 (d) "At-risk student weighting" means an addend component assigned
 24 to the enrollment of school districts pursuant to K.S.A. 2017 Supp. 72-
 25 5151(a), and amendments thereto, on the basis of costs attributable to the
 26 maintenance of at-risk educational programs by such school districts.

27 (e) "Base aid for student excellence" or "BASE aid" means an amount
 28 appropriated by the legislature in a fiscal year for the designated year. The
 29 amount of BASE aid shall be as follows:

30 (1) For school year ~~2017-2018, \$4,006~~ 2018-2019, \$4,280;

31 (2) for school year ~~2018-2019, \$4,128~~ 2019-2020, \$4,494;

32 (3) for school year 2020-2021, \$4,850;

33 (4) for school year 2021-2022, \$5,204; and

34 ~~(3)(5)~~ for school year ~~2019-2020~~ 2022-2023, and each school year
 35 thereafter, the BASE aid shall be the BASE aid amount for the
 36 immediately preceding school year plus an amount equal to the average
 37 percentage increase in the consumer price index for all urban consumers in
 38 the midwest region as published by the bureau of labor statistics of the
 39 United States department of labor during the ~~three immediately preceding~~
 40 ~~school years~~ second preceding school year.

41 (f) "Bilingual weighting" means an addend component assigned to
 42 the enrollment of school districts pursuant to K.S.A. 2017 Supp. 72-5150,
 43 and amendments thereto, on the basis of costs attributable to the

1 maintenance of bilingual educational programs by such school districts.

2 (g) "Board" means the board of education of a school district.

3 (h) "Budget per student" means the general fund budget of a school
4 district divided by the enrollment of the school district.

5 (i) "Categorical fund" means and includes the following funds of a
6 school district: Adult education fund; adult supplementary education fund;
7 at-risk education fund; bilingual education fund; career and postsecondary
8 education fund; driver training fund; educational excellence grant program
9 fund; extraordinary school program fund; food service fund; parent
10 education program fund; preschool-aged at-risk education fund;
11 professional development fund; special education fund; and summer
12 program fund.

13 (j) "Cost-of-living weighting" means an addend component assigned
14 to the enrollment of school districts pursuant to K.S.A. 2017 Supp. 72-
15 5159, and amendments thereto, on the basis of costs attributable to the cost
16 of living in such school districts.

17 (k) "Current school year" means the school year during which state
18 foundation aid is determined by the state board under K.S.A. 2017 Supp.
19 72-5134, and amendments thereto.

20 ~~(l) "Declining enrollment weighting" means an addend component~~
21 ~~assigned to the enrollment of school districts pursuant to K.S.A. 2017-~~
22 ~~Supp. 72-5160, and amendments thereto, on the basis of costs attributable~~
23 ~~to the declining enrollment of such school districts.~~

24 ~~(m)~~(l) "Enrollment" means:

25 (1) ~~The number of students regularly enrolled in kindergarten and~~
26 ~~grades one through 12 in the school district on September 20 of the~~
27 ~~preceding school year plus the number of preschool-aged at-risk students~~
28 ~~regularly enrolled in the school district on September 20 of the current~~
29 ~~school year, except a student who is a foreign exchange student shall not~~
30 ~~be counted unless such student is regularly enrolled in the school district~~
31 ~~on September 20 and attending kindergarten or any of the grades one~~
32 ~~through 12 maintained by the school district for at least one semester or~~
33 ~~two quarters, or the equivalent thereof.~~

34 (2) If the enrollment in a school district in the preceding school year
35 has decreased from enrollment in the second preceding school year, the
36 enrollment of the school district in the current school year means the sum
37 of:

38 (A) The enrollment in the second preceding school year, excluding
39 students under paragraph (2)(B), minus enrollment in the preceding school
40 year of preschool-aged at-risk students, if any, plus enrollment in the
41 current school year of preschool-aged at-risk students, if any; and

42 (B) the adjusted enrollment in the second preceding school year of
43 any students participating in the tax credit for low income students

1 scholarship program pursuant to K.S.A. 2017 Supp. 72-4351 et seq., and
 2 amendments thereto, in the preceding school year, if any, plus the adjusted
 3 enrollment in the preceding school year of preschool-aged at-risk students
 4 who are participating in the tax credit for low income students scholarship
 5 program pursuant to K.S.A. 2017 Supp. 72-4351 et seq., and amendments
 6 thereto, in the current school year, if any.

7 (3) For any school district that ~~has a military student, as that term is~~
 8 ~~defined in K.S.A. 2017 Supp. 72-5139, and amendments thereto, enrolled~~
 9 ~~in such district, and that~~ received federal impact aid for the preceding
 10 school year, if the enrollment in such school district in the preceding
 11 school year has decreased from enrollment in the second preceding school
 12 year, the enrollment of the school district in the current school year means
 13 whichever is the greater of:

14 (A) The enrollment determined under subsection ~~(m)(2)~~ (l)(2); or

15 (B) the sum of the enrollment in the preceding school year of
 16 preschool-aged at-risk students, if any, and the arithmetic mean of the sum
 17 of:

18 (i) The enrollment of the school district in the preceding school year
 19 minus the enrollment in such school year of preschool-aged at-risk
 20 students, if any;

21 (ii) the enrollment in the second preceding school year minus the
 22 enrollment in such school year of preschool-aged at-risk students, if any;
 23 and

24 (iii) the enrollment in the third preceding school year minus the
 25 enrollment in such school year of preschool-aged at-risk students, if any.

26 (4) (A) ~~For school year 2017-2018, the enrollment determined under~~
 27 ~~paragraph (1), (2) or (3), except if the school district offers kindergarten on~~
 28 ~~a full-time basis in such school year, students regularly enrolled in~~
 29 ~~kindergarten in the school district in the preceding school year shall be~~
 30 ~~counted as one student regardless of actual attendance during such~~
 31 ~~preceding school year.~~

32 (B) ~~For school year 2018-2019 and each school year thereafter, the~~
 33 ~~enrollment determined under paragraph (1), (2) or (3), except if the school~~
 34 ~~district begins to offer kindergarten on a full-time basis in such school~~
 35 ~~year, students regularly enrolled in kindergarten in the school district in the~~
 36 ~~preceding school year shall be counted as one student regardless of actual~~
 37 ~~attendance during such preceding school year.~~

38 ~~(n)(m)~~ "February 20" has its usual meaning, except that in any year in
 39 which February 20 is not a day on which school is maintained, it means
 40 the first day after February 20 on which school is maintained.

41 ~~(n)~~ "Federal impact aid" means an amount equal to the federally
 42 qualified percentage of the amount of moneys a school district receives in
 43 the current school year under the provisions of title I of public law 874 and

1 congressional appropriations therefor, excluding amounts received for
2 assistance in cases of major disaster and amounts received under the low-
3 rent housing program. The amount of federal impact aid shall be
4 determined by the state board in accordance with terms and conditions
5 imposed under the provisions of the public law and rules and regulations
6 thereunder.

7 ~~(p)~~(o) "General fund" means the fund of a school district from which
8 operating expenses are paid and in which is deposited all amounts of state
9 foundation aid provided under this act, payments under K.S.A. 2017 Supp.
10 72-528, and amendments thereto, payments of federal funds made
11 available under the provisions of title I of public law 874, except amounts
12 received for assistance in cases of major disaster and amounts received
13 under the low-rent housing program and such other moneys as are
14 provided by law.

15 ~~(q)~~(p) "General fund budget" means the amount budgeted for
16 operating expenses in the general fund of a school district.

17 (q) *"Enrollment weighting" means an addend component assigned to*
18 *the enrollment of school districts pursuant to K.S.A. 2017 Supp. 72-5149,*
19 *and amendments thereto, on the basis of costs attributable to maintenance*
20 *of educational programs by such school districts.*

21 (r) "High-density at-risk student weighting" means an addend
22 component assigned to the enrollment of school districts pursuant to
23 K.S.A. 2017 Supp. 72-5151(b), and amendments thereto, on the basis of
24 costs attributable to the maintenance of at-risk educational programs by
25 such school districts.

26 ~~(s) "High enrollment weighting" means an addend component~~
27 ~~assigned to the enrollment of school districts pursuant to K.S.A. 2017~~
28 ~~Supp. 72-5149(b), and amendments thereto, on the basis of costs~~
29 ~~attributable to maintenance of educational programs by such school~~
30 ~~districts.~~

31 ~~(t)~~(s) "Juvenile detention facility" means the same as such term is
32 defined in K.S.A. 2017 Supp. 72-1173, and amendments thereto.

33 ~~(u)~~(t) "Local foundation aid" means the sum of the following
34 amounts:

35 (1) An amount equal to any unexpended and unencumbered balance
36 remaining in the general fund of the school district, except moneys
37 received by the school district and authorized to be expended for the
38 purposes specified in K.S.A. 2017 Supp. 72-5168, and amendments
39 thereto;

40 (2) an amount equal to any remaining proceeds from taxes levied
41 under authority of K.S.A. 72-7056 and 72-7072, and amendments thereto,
42 prior to their repeal;

43 (3) an amount equal to the amount deposited in the general fund in

1 the current school year from moneys received in such school year by the
2 school district under the provisions of K.S.A. 2017 Supp. 72-3123(a), and
3 amendments thereto;

4 (4) an amount equal to the amount deposited in the general fund in
5 the current school year from moneys received in such school year by the
6 school district pursuant to contracts made and entered into under authority
7 of K.S.A. 2017 Supp. 72-3125, and amendments thereto;

8 (5) an amount equal to the amount credited to the general fund in the
9 current school year from moneys distributed in such school year to the
10 school district under the provisions of articles 17 and 34 of chapter 12 of
11 the Kansas Statutes Annotated, and amendments thereto, and under the
12 provisions of articles 42 and 51 of chapter 79 of the Kansas Statutes
13 Annotated, and amendments thereto;

14 (6) an amount equal to the amount of payments received by the
15 school district under the provisions of K.S.A. 2017 Supp. 72-3423, and
16 amendments thereto;

17 (7) an amount equal to the amount of any grant received by the
18 school district under the provisions of K.S.A. 2017 Supp. 72-3425, and
19 amendments thereto; and

20 (8) an amount equal to 70% of the federal impact aid of the school
21 district.

22 ~~(v) "Low enrollment weighting" means an addend component~~
23 ~~assigned to the enrollment of school districts pursuant to K.S.A. 2017-~~
24 ~~Supp. 72-5149(a), and amendments thereto, on the basis of costs~~
25 ~~attributable to maintenance of educational programs by such school~~
26 ~~districts.~~

27 ~~(w)(u)~~ "Operating expenses" means the total expenditures and lawful
28 transfers from the general fund of a school district during a school year for
29 all purposes, except expenditures for the purposes specified in K.S.A.
30 2017 Supp. 72-5168, and amendments thereto.

31 ~~(x)(v)~~ "Preceding school year" means the school year immediately
32 before the current school year.

33 ~~(y)(w)~~ "Preschool-aged at-risk student" means an at-risk student who
34 has attained the age of four years, is under the age of eligibility for
35 attendance at kindergarten, and has been selected by the state board in
36 accordance with guidelines governing the selection of students for
37 participation in head start programs.

38 ~~(z)(x)~~ "Preschool-aged exceptional children" means exceptional
39 children, except gifted children, who have attained the age of three years
40 but are under the age of eligibility for attendance at kindergarten. The
41 terms "exceptional children" and "gifted children" have the same meaning
42 as those terms are defined in K.S.A. 2017 Supp. 72-3404, and amendments
43 thereto.

1 ~~(aa)~~(y) "Psychiatric residential treatment facility" means the same as
2 such term is defined in K.S.A. 2017 Supp. 72-1173, and amendments
3 thereto.

4 ~~(bb)~~(z) "School district" means a school district organized under the
5 laws of this state that is maintaining public school for a school term in
6 accordance with the provisions of K.S.A. 2017 Supp. 72-3115, and
7 amendments thereto.

8 ~~(ee)~~(aa) "School facilities weighting" means an added component
9 assigned to the enrollment of school districts pursuant to K.S.A. 2017
10 Supp. 72-5156, and amendments thereto, on the basis of costs attributable
11 to commencing operation of one or more new school facilities by such
12 school districts.

13 ~~(dd)~~(bb) "School year" means the 12-month period ending June 30.

14 ~~(ee)~~(cc) "September 20" has its usual meaning, except that in any
15 year in which September 20 is not a day on which school is maintained, it
16 means the first day after September 20 on which school is maintained.

17 ~~(ff)~~(dd) "Special education and related services weighting" means an
18 addend component assigned to the enrollment of school districts pursuant
19 to K.S.A. 2017 Supp. 72-5157, and amendments thereto, on the basis of
20 costs attributable to the maintenance of special education and related
21 services by such school districts.

22 ~~(gg)~~(ee) "State board" means the state board of education.

23 ~~(hh)~~(ff) "State foundation aid" means the amount of aid distributed to
24 a school district as determined by the state board pursuant to K.S.A. 2017
25 Supp. 72-5134, and amendments thereto.

26 ~~(ii)~~(gg) (1) "Student" means any person who is regularly enrolled in a
27 school district and attending kindergarten or any of the grades one through
28 12 maintained by the school district or who is regularly enrolled in a
29 school district and attending kindergarten or any of the grades one through
30 12 in another school district in accordance with an agreement entered into
31 under authority of K.S.A. 2017 Supp. 72-13,101, and amendments thereto,
32 or who is regularly enrolled in a school district and attending special
33 education services provided for preschool-aged exceptional children by the
34 school district.

35 (2) (A) Except as otherwise provided in this subsection, the following
36 shall be counted as one student:

37 (i) A student in attendance full-time; and

38 (ii) a student enrolled in a school district and attending special
39 education and related services, provided for by the school district.

40 (B) The following shall be counted as $\frac{1}{2}$ student:

41 (i) A student enrolled in a school district and attending special
42 education and related services for preschool-aged exceptional children
43 provided for by the school district; and

1 (ii) a preschool-aged at-risk student enrolled in a school district and
2 receiving services under an approved at-risk student assistance plan
3 maintained by the school district.

4 (C) A student in attendance part-time shall be counted as that
5 proportion of one student (to the nearest $\frac{1}{10}$) that the student's attendance
6 bears to full-time attendance.

7 (D) A student enrolled in and attending an institution of
8 postsecondary education that is authorized under the laws of this state to
9 award academic degrees shall be counted as one student if the student's
10 postsecondary education enrollment and attendance together with the
11 student's attendance in either of the grades 11 or 12 is at least $\frac{5}{6}$ time,
12 otherwise the student shall be counted as that proportion of one student (to
13 the nearest $\frac{1}{10}$) that the total time of the student's postsecondary education
14 attendance and attendance in grades 11 or 12, as applicable, bears to full-
15 time attendance.

16 (E) A student enrolled in and attending a technical college, a career
17 technical education program of a community college or other approved
18 career technical education program shall be counted as one student, if the
19 student's career technical education attendance together with the student's
20 attendance in any of grades nine through 12 is at least $\frac{5}{6}$ time, otherwise
21 the student shall be counted as that proportion of one student (to the
22 nearest $\frac{1}{10}$) that the total time of the student's career technical education
23 attendance and attendance in any of grades nine through 12 bears to full-
24 time attendance.

25 (F) A student enrolled in a school district and attending a non-virtual
26 school and also attending a virtual school shall be counted as that
27 proportion of one student (to the nearest $\frac{1}{10}$) that the student's attendance
28 at the non-virtual school bears to full-time attendance.

29 (G) A student enrolled in a school district and attending special
30 education and related services provided for by the school district and also
31 attending a virtual school shall be counted as that proportion of one
32 student (to the nearest $\frac{1}{10}$) that the student's attendance at the non-virtual
33 school bears to full-time attendance.

34 (H) (i) ~~Except as provided in clause (ii), a student enrolled in a school~~
35 ~~district who is not a resident of Kansas shall be counted as follows:~~

36 (a) ~~For school years 2017-2018 and 2018-2019, one student;~~
37 (b) ~~for school year 2019-2020 and 2020-2021, $\frac{3}{4}$ of a student; and~~
38 (c) ~~for school year 2021-2022 and each school year thereafter, $\frac{1}{2}$ of a~~
39 ~~student.~~

40 (ii) ~~This subparagraph (H) shall not apply to:~~

41 (a) ~~A student whose parent or legal guardian is an employee of the~~
42 ~~school district where such student is enrolled; or~~

43 (b) ~~a student who attended public school in Kansas during school~~

1 year 2016-2017 and who attended public school in Kansas during the
 2 immediately preceding school year.

- 3 (3) The following shall not be counted as a student:
 4 (A) An individual residing at the Flint Hills job corps center;
 5 (B) except as provided in subsection ~~(ii)(2)~~ (gg)(2), an individual
 6 confined in and receiving educational services provided for by a school
 7 district at a juvenile detention facility; and
 8 (C) an individual enrolled in a school district but housed, maintained
 9 and receiving educational services at a state institution or a psychiatric
 10 residential treatment facility.

11 (4) A student enrolled in virtual school pursuant to K.S.A. 72-3711 et
 12 seq., and amendments thereto, shall be counted in accordance with the
 13 provisions of K.S.A. 2017 Supp. 72-3715, and amendments thereto.

14 ~~(jj)~~(hh) "Total foundation aid" means an amount equal to the product
 15 obtained by multiplying the BASE aid by the adjusted enrollment of a
 16 school district.

17 ~~(kk)~~(ii) "Transportation weighting" means an addend component
 18 assigned to the enrollment of school districts pursuant to K.S.A. 2017
 19 Supp. 72-5148, and amendments thereto, on the basis of costs attributable
 20 to the provision or furnishing of transportation.

21 ~~(H)~~(jj) "Virtual school" means the same as such term is defined in
 22 K.S.A. 2017 Supp. 72-3712, and amendments thereto.

23 Sec. 6. K.S.A. 2017 Supp. 72-5133 is hereby amended to read as
 24 follows: 72-5133. (a) The state school district finance fund, established by
 25 K.S.A. 1991 Supp. 72-7081, prior to its repeal, is hereby continued in
 26 existence and shall consist of: (1) All moneys credited to such fund under
 27 K.S.A. 2017 Supp. 72-6463 through 72-6481, prior to their expiration July
 28 1, 2017; and (2) all amounts transferred to such fund under K.S.A. 2017
 29 Supp. 72-5136, 72-5142, 72-5143, 72-5158, 72-5159 and 72-5160, and
 30 amendments thereto.

31 (b) The state school district finance fund shall be used for the purpose
 32 of school district finance and for no other governmental purpose. It is the
 33 intent of the legislature that the fund shall remain intact and inviolate for
 34 such purpose, and moneys in the fund shall not be subject to the provisions
 35 of K.S.A. 75-3722, 75-3725a and 75-3726a, and amendments thereto.

36 (c) Amounts in the state school district finance fund shall be allocated
 37 and distributed to school districts as a portion of state foundation aid
 38 provided for under this act.

39 Sec. 7. K.S.A. 2017 Supp. 72-5143 is hereby amended to read as
 40 follows: 72-5143. (a) In each school year, the board of education of a
 41 school district may adopt, by resolution, a local option budget that does
 42 not exceed the state prescribed percentage.

43 (b) Subject to the limitations of subsection (a), in each school year,

1 the board of education of a school district may adopt, by resolution, a local
2 option budget in an amount that does not exceed:

3 (1) The amount that the board was authorized to adopt under any
4 resolution adopted pursuant to K.S.A. 2017 Supp. 72-6471, prior to its
5 ~~expiration July 1, 2017~~; or

6 (2) the state-wide average for the preceding school year as
7 determined by the state board pursuant to subsection (i).

8 The adoption of a resolution pursuant to this section shall require a
9 majority vote of the members of the board. Such resolution shall be
10 effective upon adoption and shall require no other procedure, authorization
11 or approval.

12 (c) If the board of a school district desires to increase its local option
13 budget authority above the amount authorized under subsection (b), the
14 board may adopt, by resolution, such budget in an amount not to exceed
15 the state prescribed percentage. The adoption of a resolution pursuant to
16 this subsection shall require a majority vote of the members of the board.
17 ~~The resolution shall be published at least once in a newspaper having~~
18 ~~general circulation in the school district. The resolution shall be published~~
19 ~~in substantial compliance with the following form:~~

20 Unified School District No. _____,
21 _____ County, Kansas.

22 RESOLUTION

23 Be It Resolved that:

24 ~~The board of education of the above-named school district shall be~~
25 ~~authorized to adopt a local option budget in each school year in an amount~~
26 ~~not to exceed ____% of the amount of total foundation aid. The local~~
27 ~~option budget authorized by this resolution may be adopted, unless a~~
28 ~~petition in opposition to the same, signed by not less than 5% of the~~
29 ~~qualified electors of the school district, is filed with the county election~~
30 ~~officer of the home county of the school district within 30 days after~~
31 ~~publication of this resolution. If a petition is filed, the county election~~
32 ~~officer shall submit the question of whether adoption of the local option~~
33 ~~budget shall be authorized to the electors of the school district at an~~
34 ~~election called for the purpose or at the next general election, as is~~
35 ~~specified by the board of education of the school district.~~

36 CERTIFICATE

37 This is to certify that the above resolution was duly adopted by the
38 board of education of unified school district No. _____, _____ County,
39 Kansas, on the _____ day of _____, _____.

40 _____
41 Clerk of the board of education.

42 ~~All of the blanks in the resolution shall be filled appropriately. If a~~
43 ~~sufficient petition is not filed, the board may adopt a local option budget.~~

1 ~~If a sufficient petition is filed, the board may notify the county election~~
2 ~~officer of the date of an election to be held to submit the question of~~
3 ~~whether adoption of a local option budget shall be authorized. Any such~~
4 ~~election shall be noticed, called and held in the manner provided by K.S.A.~~
5 ~~10-120, and amendments thereto. If the board fails to notify the county~~
6 ~~election officer within 30 days after a sufficient petition is filed, the~~
7 ~~resolution shall be deemed abandoned and no like resolution shall be~~
8 ~~adopted by the board within the nine months following publication of the~~
9 ~~resolution.~~

10 (d) Unless specifically stated otherwise in the resolution, the authority
11 to adopt a local option budget shall be continuous and permanent. The
12 board of any school district that is authorized to adopt a local option
13 budget may choose not to adopt such a budget or may adopt a budget in an
14 amount less than the amount authorized. If the board of any school district
15 whose authority to adopt a local option budget is not continuous and
16 permanent refrains from adopting a local option budget, the authority of
17 such school district to adopt a local option budget shall not be extended by
18 such refrainment beyond the period specified in the resolution authorizing
19 adoption of such budget.

20 (e) The board of any school district may initiate procedures to renew
21 or increase the authority to adopt a local option budget at any time during
22 a school year after the tax levied pursuant to K.S.A. 2017 Supp. 72-5147,
23 and amendments thereto, is certified to the county clerk under any existing
24 authorization.

25 (f) The board of any school district authorized to adopt a local option
26 budget prior to July 1, 2017, under a resolution that authorized the
27 adoption of such budget in accordance with the provisions of K.S.A. 2017
28 Supp. 72-6471, prior to ~~its expiration~~ *July 1, 2017*, may continue to
29 operate under such resolution for the period of time specified in the
30 resolution or may abandon the resolution and operate under the provisions
31 of this section. Any such school district shall operate under the provisions
32 of this section after the period of time specified in any previously adopted
33 resolution has expired.

34 (g) Any resolution adopted pursuant to this section may revoke or
35 repeal any resolution previously adopted by the board. If the resolution
36 does not revoke or repeal previously adopted resolutions, all resolutions
37 that are in effect shall expire on the same date. The maximum amount of
38 the local option budget of a school district under all resolutions in effect
39 shall not exceed the state prescribed percentage in any school year.

40 (h) (1) There is hereby established in each school district that adopts a
41 local option budget a supplemental general fund, which shall consist of all
42 amounts deposited therein or credited thereto according to law.

43 (2) Subject to the limitations imposed under subsection (h)(3),

1 amounts in the supplemental general fund may be expended for any
2 purpose for which expenditures from the general fund are authorized or
3 may be transferred to any categorical fund of the school district. Amounts
4 in the supplemental general fund attributable to any percentage over 25%
5 of total foundation aid determined for the current school year may be
6 transferred to the capital improvements fund of the school district and the
7 capital outlay fund of the school district if such transfers are specified in
8 the resolution authorizing the adoption of a local option budget in excess
9 of 25%.

10 (3) Amounts in the supplemental general fund may not be expended
11 for the purpose of making payments under any lease-purchase agreement
12 involving the acquisition of land or buildings that is entered into pursuant
13 to the provisions of K.S.A. 2017 Supp. 72-1149, and amendments thereto.

14 (4) (A) Except as provided in subsection (h)(4)(B), any unexpended
15 moneys remaining in the supplemental general fund of a school district at
16 the conclusion of any school year in which a local option budget is
17 adopted shall be maintained in such fund.

18 (B) If the school district received supplemental state aid in the school
19 year, the state board shall determine the ratio of the amount of
20 supplemental general state aid received to the amount of the local option
21 budget of the school district for the school year and multiply the total
22 amount of the unexpended moneys remaining by such ratio. An amount
23 equal to the amount of the product shall be transferred to the general fund
24 of the school district or remitted to the state treasurer in accordance with
25 the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt
26 of any such remittance, the state treasurer shall deposit the same in the
27 state treasury to the credit of the state school district finance fund.

28 (i) Each year, the state board shall determine the statewide average
29 percentage of local option budgets legally adopted by school districts for
30 the preceding school year.

31 (j) The provisions of this section shall be subject to the provisions of
32 K.S.A. 2017 Supp. 72-5144, and amendments thereto.

33 (k) As used in this section:

34 (1) "Authorized to adopt a local option budget" means that a school
35 district has adopted a resolution pursuant to subsection (c).

36 (2) "State prescribed percentage" means 33% of the total foundation
37 aid of the school district in the current school year.

38 (3) "Total foundation aid" means the same as such term is defined in
39 K.S.A. 2017 Supp. 72-5132, and amendments thereto.

40 Sec. 8. K.S.A. 2017 Supp. 72-5144 is hereby amended to read as
41 follows: 72-5144. (a) (1) Subject to the provisions of subsection (e), the
42 provisions of this subsection shall apply in any school year in which the
43 amount of BASE aid is \$4,490 or less.

1 (2) The board of education of a school district may adopt a local
2 option budget that does not exceed the local option budget calculated as if
3 the BASE aid was \$4,490, or that does not exceed the local option budget
4 as calculated pursuant to K.S.A. 2017 Supp. 72-5143, and amendments
5 thereto, whichever is greater.

6 (b) The board of education of a school district may adopt a local
7 option budget that does not exceed the local option budget calculated as if
8 the school district received state aid for special education and related
9 services equal to the amount of state aid for special education and related
10 services received in school year 2008-2009, or that does not exceed the
11 local option budget as calculated pursuant to K.S.A. 2017 Supp. 72-5143,
12 and amendments thereto, whichever is greater.

13 (c) The board of any school district may exercise the authority
14 granted under subsection (a) or (b) or both subsections (a) and (b).

15 (d) To the extent that the provisions of K.S.A. 2017 Supp. 72-5143,
16 and amendments thereto, conflict with this section, this section shall
17 control.

18 ~~(e) For school year 2019-2020, and each school year thereafter, the~~
19 ~~specified dollar amount used in subsection (a) for purposes of determining~~
20 ~~the local option budget of a school district shall be the specified dollar~~
21 ~~amount used for the immediately preceding school year plus an amount~~
22 ~~equal to the average percentage increase in the consumer price index for~~
23 ~~all urban consumers in the midwest region as published by the bureau of~~
24 ~~labor statistics of the United States department of labor during the three~~
25 ~~immediately preceding school years.~~

26 Sec. 9. K.S.A. 2017 Supp. 72-5145 is hereby amended to read as
27 follows: 72-5145. (a) In each school year, each school district that has
28 adopted a local option budget is eligible to receive supplemental state aid.
29 Except as provided by K.S.A. 2017 Supp. 72-5146, and amendments
30 thereto, supplemental state aid shall be determined by the state board as
31 provided in subsection (b).

32 (b) The state board shall:

33 ~~(1)-(A) For school year 2017-2018, determine the amount of the~~
34 ~~assessed valuation per student in the preceding school year of each school~~
35 ~~district; and~~

36 ~~(B) For school year 2018-2019 and each school year thereafter,~~
37 ~~determine the average assessed valuation per student of each school~~
38 ~~district by adding the assessed valuation per student for each of the three~~
39 ~~immediately preceding school years and dividing the resulting sum by~~
40 ~~three;~~

41 (2) rank the school districts from low to high on the basis of the
42 amounts of assessed valuation per student determined under subsection (b)
43 (1);

1 (3) identify the amount of the assessed valuation per student located
2 at the 81.2 percentile of the amounts ranked under subsection (b)(2);

3 (4) divide the assessed valuation per student of the school district as
4 determined under subsection (b)(1) by the amount identified under
5 subsection (b)(3); and

6 (5) (A) if the quotient obtained under subsection (b)(4) equals or
7 exceeds one, the school district shall not receive supplemental state aid; or

8 (B) if the quotient obtained under subsection (b)(4) is less than one,
9 subtract the quotient obtained under subsection (b)(4) from one, and
10 multiply the difference by the amount of the local option budget of the
11 school district ~~for the immediately preceding school year~~. The resulting
12 product is the amount of supplemental state aid the school district is to
13 receive for the school year.

14 (c) Payments of supplemental state aid shall be distributed to school
15 districts on the dates prescribed by the state board. The state board shall
16 certify to the director of accounts and reports the amount due each school
17 district, and the director of accounts and reports shall draw a warrant on
18 the state treasurer payable to the treasurer of the school district. Upon
19 receipt of the warrant, the treasurer of the school district shall credit the
20 amount thereof to the supplemental general fund of the school district to
21 be used for the purposes of such fund.

22 (d) For the purposes of determining the total amount of state moneys
23 paid to school districts, all moneys appropriated as supplemental state aid
24 shall be deemed to be state moneys for educational and support services
25 for school districts.

26 Sec. 10. K.S.A. 2017 Supp. 72-5148 is hereby amended to read as
27 follows: 72-5148. (a) The transportation weighting of each school district
28 shall be determined by the state board as follows:

29 (1) Determine the total expenditures of the school district during the
30 preceding school year from all funds for transporting students of public
31 and nonpublic schools on regular school routes;

32 (2) determine the sum of: (A) The number of students who were
33 included in the enrollment of the school district in the preceding school
34 year who resided less than 2¹/₂ miles by the usually traveled road from the
35 school building such students attended and for whom transportation was
36 made available by the school district; and (B) the number of nonresident
37 students who were included in the enrollment of the school district for the
38 preceding school year and for whom transportation was made available by
39 the school district;

40 (3) determine the number of students who were included in the
41 enrollment of the district in the preceding school year who resided 2¹/₂
42 miles or more by the usually traveled road from the school building such
43 students attended and for whom transportation was made available by the

- 1 school district;
- 2 (4) multiply the number of students determined under subsection (a)
- 3 (3) by 2.8;
- 4 (5) divide the amount determined under subsection (a)(2) by the
- 5 product obtained under subsection (a)(4);
- 6 (6) add one to the quotient obtained under subsection (a)(5);
- 7 (7) multiply the sum obtained under subsection (a)(6) by the amount
- 8 determined under subsection (a)(3);
- 9 (8) divide the amount determined under subsection (a)(1) by the
- 10 product obtained under subsection (a)(7). The resulting quotient is the per-
- 11 student cost of transportation;
- 12 (9) on a density-cost graph, plot the per-student cost of transportation
- 13 for each school district;
- 14 (10) construct a curve of best fit for the points so plotted;
- 15 (11) *adjust the curve of best fit as follows:*
- 16 (A) *Identify the 10 school districts on the density-cost graph with the*
- 17 *highest indices of density;*
- 18 (B) *determine the median per-student cost of transportation for those*
- 19 *10 school districts, excluding the highest per-student cost of*
- 20 *transportation and the lowest per-student cost of transportation for the*
- 21 *school districts identified under subsection (a)(11)(A); and*
- 22 (C) *beginning at the point on the curve of best fit that corresponds to*
- 23 *the median per-student cost of transportation determined under subsection*
- 24 *(a)(11)(B), the curve of best fit shall be adjusted such that it presents a*
- 25 *horizontal line with a value on the vertical axis equal to such median per-*
- 26 *student cost of transportation;*
- 27 ~~(11)~~(12) locate the index of density for the school district on the base
- 28 line of the density-cost graph and from the point on the *adjusted* curve of
- 29 best fit directly above this point of index of density follow a line parallel to
- 30 the base line to the point of intersection with the vertical line, which point
- 31 is the formula per-student cost of transportation of the school district;
- 32 ~~(12)~~(13) divide the formula per-student cost of transportation of the
- 33 school district by the BASE aid; and
- 34 ~~(13)~~(14) multiply the quotient obtained under subsection ~~(a)(12)~~ (a)
- 35 (13) by the number of students who are included in the enrollment of the
- 36 school district, are residing $2\frac{1}{2}$ miles or more by the usually traveled road
- 37 to the school building they attend, and for whom transportation is being
- 38 made available by, and at the expense of, the district.
- 39 (b) (1) For school years 2017-2018 through 2020-2021, the
- 40 transportation weighting of the school district shall be either the product
- 41 determined under subsection ~~(a)(13)~~ (a)(14), or that portion of such school
- 42 district's general state aid for school year 2016-2017 that was attributable
- 43 to the school district's transportation weighting, whichever is greater.

1 (2) For school year 2021-2022, and each school year thereafter, the
 2 transportation weighting of the school district shall be the product
 3 determined under subsection ~~(a)(13)~~ (a)(14).

4 (c) For the purpose of providing accurate and reliable data on student
 5 transportation, the state board is authorized to adopt rules and regulations
 6 prescribing procedures that school districts shall follow in reporting
 7 pertinent information, including uniform reporting of expenditures for
 8 transportation.

9 (d) As used in this section:

10 (1) "Curve of best fit" means the curve on a density-cost graph drawn
 11 so the sum of the distances squared from such line to each of the points
 12 plotted on the graph is the least possible.

13 (2) "Density-cost graph" means a drawing having: (A) A horizontal or
 14 base line divided into equal intervals of density, beginning with zero on the
 15 left; and (B) a scale for per-student cost of transportation to be shown on a
 16 line perpendicular to the base line at the left end thereof, such scale to
 17 begin with zero dollars at the base line ascending by equal per-student cost
 18 intervals.

19 (3) "Index of density" means the number of students who are
 20 included in the enrollment of a school district in the current school year,
 21 are residing the designated distance or more by the usually traveled road
 22 from the school building they attend, and for whom transportation is being
 23 made available on regular school routes by the school district, divided by
 24 the number of square miles of territory in the school district.

25 Sec. 11. K.S.A. 2017 Supp. 72-5149 is hereby amended to read as
 26 follows: 72-5149. ~~(a)~~ The low enrollment weighting of each school district
 27 shall be determined by the state board as follows:

28 ~~(+)~~(a) For school districts with an enrollment of fewer than 100
 29 students, multiply the enrollment of the school district by 1.014331. The
 30 resulting product is the low enrollment weighting of the school district;

31 ~~(2)~~(b) for school districts with an enrollment of at least 100 students,
 32 but fewer than 300 students:

33 ~~(A)~~(1) Subtract 100 from the enrollment of the school district;

34 ~~(B)~~(2) multiply the difference obtained under subsection ~~(a)(2)(A)~~ (b)
 35 (1) by 9.655;

36 ~~(C)~~(3) subtract the product obtained under subsection ~~(a)(2)(B)~~ (b)(2)
 37 from 7,337;

38 ~~(D)~~(4) divide the difference obtained under subsection ~~(a)(2)(C)~~ (b)
 39 (3) by 3,642.4;

40 ~~(E)~~(5) subtract one from the quotient obtained under subsection ~~(a)(2)~~
 41 ~~(D)~~ (b)(4); and

42 ~~(F)~~(6) multiply the difference obtained under subsection ~~(a)(2)(E)~~ (b)
 43 (5) by the enrollment of the school district. The resulting product is the

1 low enrollment weighting of the school district;
 2 ~~(3)(c)~~ for school districts with an enrollment of at least 300 students,
 3 but fewer than 1,622 students:
 4 ~~(A)(1)~~ Subtract 300 from the enrollment of the school district;
 5 ~~(B)(2)~~ multiply the difference obtained under subsection-~~(a)(3)(A)~~ (c)
 6 (1) by 1.2375;
 7 ~~(C)(3)~~ subtract the product obtained under subsection-~~(a)(3)(B)~~ (c)(2)
 8 from 5,406;
 9 ~~(D)(4)~~ divide the difference obtained under subsection-~~(a)(3)(C)~~ (c)
 10 (3) by 3,642.4;
 11 ~~(E)(5)~~ subtract one from the quotient obtained under subsection-~~(e)~~
 12 ~~(D)~~ (c)(4); and
 13 ~~(F)(6)~~ multiply the difference obtained under subsection-~~(a)(3)(E)~~ (c)
 14 (5) by the enrollment of the school district. The resulting product is the
 15 low enrollment weighting of the school district.
 16 ~~(b)(d)~~ For school districts with an enrollment of at least 1,622
 17 students, multiply the enrollment of the school district by 0.03504. The
 18 resulting product is the high enrollment weighting of the school district.
 19 Sec. 12. K.S.A. 2017 Supp. 72-5150 is hereby amended to read as
 20 follows: 72-5150. The bilingual weighting of each school district shall be
 21 determined by the state board as follows:
 22 (a) Determine the full-time equivalent enrollment in approved
 23 programs of bilingual education during the preceding school year and
 24 multiply such enrollment by ~~0.395~~ 0.361;
 25 (b) determine the number of students enrolled in approved programs
 26 of bilingual education during the preceding school year and multiply such
 27 enrollment by 0.185; and
 28 (c) the bilingual weighting shall be either the amount determined
 29 under subsection (a) or (b), whichever is greater.
 30 Sec. 13. K.S.A. 2017 Supp. 72-5151 is hereby amended to read as
 31 follows: 72-5151. (a) The at-risk student weighting of each school district
 32 shall be determined by the state board as follows:
 33 (1) Determine the number of at-risk students included in the
 34 enrollment of the school district; and
 35 (2) ~~for a school district with an enrollment that consists of 10% or~~
 36 ~~more at-risk students,~~ multiply the number determined under subsection
 37 (a)(1) by 0.484. The resulting sum is the at-risk student weighting of the
 38 school district; ~~or~~
 39 (3) ~~for a school district with an enrollment that consists of less than~~
 40 ~~10% at-risk students,~~ multiply the number of students equal to 10% of
 41 such school district's enrollment by 0.484. The resulting sum is the at-risk
 42 student weighting of the school district. A school district whose at-risk
 43 student weighting is determined pursuant to this paragraph shall submit a

1 report to the state board in such form and manner as required by the state
 2 board that identifies those students enrolled in such school district who are
 3 receiving at-risk program services and the criteria each such student
 4 satisfies in order to receive at-risk program services. The state board shall
 5 adopt rules and regulations that establish the criteria for eligibility for at-
 6 risk program services. The provisions of this paragraph shall only apply to
 7 those school districts that offer instruction in kindergarten and grades one
 8 through 12.

9 (b) ~~Except as provided in subsection (b)(4),~~ The high-density at-risk
 10 student weighting of each school district shall be determined by the state
 11 board as follows:

12 (1)~~(A)~~ If the enrollment of the school district is at least 35% at-risk
 13 students, but less than 50% at-risk students:

14 ~~(i)(A)~~ Subtract 35% from the percentage of at-risk students included
 15 in the enrollment of the school district;

16 ~~(ii)(B)~~ multiply the difference determined under subsection (b)(1)(A)
 17 ~~(i)~~ by 0.7; and

18 ~~(iii)(C)~~ multiply the product determined under subsection ~~(b)(1)(A)~~
 19 ~~(ii)~~ *(b)(1)(B)* by the number of at-risk students included in the enrollment
 20 of the school district. *The resulting product is the high-density at-risk*
 21 *student weighting of the school district;* or

22 ~~(B)(2)~~ if the enrollment of the school district is 50% or more at-risk
 23 students, multiply the number of at-risk students included in the
 24 enrollment of the school district by 0.105; ~~or~~

25 ~~(2)(A)~~ if the enrollment of a school in the school district is at least
 26 35% at-risk students, but less than 50% at-risk students:

27 ~~(i)~~ Subtract 35% from the percentage of at-risk students included in
 28 the enrollment of such school;

29 ~~(ii)~~ multiply the difference determined under subsection ~~(b)(2)(A)(i)~~
 30 by 0.7; and

31 ~~(iii)~~ multiply the product determined under subsection ~~(b)(2)(A)(ii)~~
 32 by the number of at-risk students included in the enrollment of such
 33 school; ~~or~~

34 ~~(B)~~ if the enrollment of a school in the school district is 50% or more
 35 at-risk students, multiply the number of at-risk students included in the
 36 enrollment of such school by 0.105; and

37 ~~(C)~~ add the products determined under subsections ~~(b)(2)(A)(iii)~~ and
 38 ~~(b)(2)(B)~~ for each such school in the school district, respectively.

39 ~~(3)~~ The high-density at-risk weighting of the school district shall be
 40 the greater of the product determined under subsection ~~(b)(1)~~ or the sum
 41 determined under subsection ~~(b)(2)(C)~~.

42 ~~(4)~~ Commencing in school year 2018-2019, school districts that
 43 qualify to receive the high-density at-risk weighting pursuant to this

1 section shall spend any money attributable to the school district's high-
 2 density at-risk weighting on the at-risk best practices developed by the
 3 state board pursuant to K.S.A. 2017 Supp. 72-5153(d), and amendments
 4 thereto. If a school district that qualifies for the high-density at-risk
 5 weighting does not spend such money on such best practices, the state
 6 board shall notify the school district that it shall either spend such money
 7 on such best practices or shall show improvement within five years of
 8 notification. Improvement shall include, but not be limited to, the
 9 following: (A) The percentage of students at grade level on state math and
 10 English language arts assessments; (B) the percentage of students that are
 11 college and career ready on state math and English language arts
 12 assessments; (C) the average composite ACT score; or (D) the four-year
 13 graduation rate. If a school district does not spend such money on such
 14 best practices and does not show improvement within five years, the
 15 school district shall not qualify to receive the high-density at-risk
 16 weighting in the succeeding school year.

17 ~~(5) The provisions of this subsection shall expire on July 1, 2019. The~~
 18 ~~resulting product is the high-density at-risk student weighting of the school~~
 19 ~~district.~~

20 Sec. 14. K.S.A. 2017 Supp. 72-5153 is hereby amended to read as
 21 follows: 72-5153. (a) There is hereby established in every school district
 22 an at-risk education fund, which shall consist of all moneys deposited
 23 therein or transferred thereto according to law. The expenses of a school
 24 district directly attributable to providing at-risk student assistance or
 25 programs shall be paid from the at-risk education fund.

26 (b) Any balance remaining in the at-risk education fund at the end of
 27 the budget year shall be carried forward into the at-risk education fund for
 28 succeeding budget years. Such fund shall not be subject to the provisions
 29 of K.S.A. 79-2925 through 79-2937, and amendments thereto. In preparing
 30 the budget of such school district, the amounts credited to and the amount
 31 on hand in the at-risk education fund, and the amount expended therefrom
 32 shall be included in the annual budget for the information of the residents
 33 of the school district. Interest earned on the investment of moneys in any
 34 such fund shall be credited to that fund.

35 ~~(c) Commencing in school year 2018-2019, Expenditures from the at-~~
 36 ~~risk education fund of a school district shall only be made for the~~
 37 ~~following purposes:~~

38 (1) ~~At-risk educational programs based on best practices identified~~
 39 ~~pursuant to subsection (d) approved by the state board;~~

40 (2) ~~personnel providing educational services in conjunction with such~~
 41 ~~programs; or~~

42 (3) ~~services contracted for by the school district to provide at-risk~~
 43 ~~educational programs based on best practices identified pursuant to~~

1 subsection (d); or

2 (4) assistance or programs provided for students who are identified
3 as at-risk pursuant to policies and procedures adopted by the state board.

4 (d) ~~On or before July 1, 2018, the state board shall identify and~~
5 ~~approve evidence-based best practices for at-risk programs and instruction~~
6 ~~of students receiving at-risk program services. The state board shall review~~
7 ~~and update such best practices as part of its five-year accreditation system~~
8 ~~review process.~~

9 (e) Each year the board of education of each school district shall
10 prepare and submit to the state board a report on the assistance or
11 programs provided by the school district for students identified as at-risk.
12 Such report shall include the number of students identified as at-risk who
13 were served or provided assistance, the type of service provided, the
14 research upon which the school district relied in determining that a need
15 for service or assistance existed, the results of providing such service or
16 assistance and any other information required by the state board.

17 (f)(e) In order to achieve uniform reporting of the number of students
18 provided service or assistance by school districts in at-risk student
19 programs, school districts shall report the number of students served or
20 assisted in the manner required by the state board.

21 Sec. 15. K.S.A. 2017 Supp. 72-5155 is hereby amended to read as
22 follows: 72-5155. (a) The career technical education weighting of each
23 school district shall be determined by the state board by multiplying the
24 full-time equivalent enrollment in approved career technical education
25 programs during the preceding school year by 0.5. The resulting product is
26 the career technical education weighting of the school district.

27 (b) The provisions of this section shall expire on July 1, ~~2019~~ 2018.

28 Sec. 16. K.S.A. 2017 Supp. 72-5171 is hereby amended to read as
29 follows: 72-5171. (a) On or before January 15 of each year, the state
30 department of education shall prepare and submit reports on school district
31 funding for each school district to the governor and the legislature.

32 (b) Each report shall contain the information described in subsection
33 (c) for the school district in terms of actual dollar amounts for the ~~second~~
34 ~~current~~ and immediately preceding school years and budgeted dollar
35 amounts for the ~~current~~ immediately preceding school year.

36 (c) Each report shall contain the following information for the school
37 district:

38 (1) Full-time equivalent enrollment;

39 (2) ~~demographic information, including, but not limited to, gender,~~
40 ~~race, ethnicity, students who are economically disadvantaged, migrants,~~
41 ~~English language learners and students with disabilities;~~

42 (3) ~~total general and supplemental general funds, including a showing~~
43 ~~of funding provided by federal sources, state sources and local sources,~~

- 1 and total funds per student;
- 2 ~~(4)~~(3) total capital outlay funds, including a showing of such funding
- 3 provided by federal sources, state sources and local sources, and capital
- 4 outlay funds per student;
- 5 ~~(5)~~(4) total bond and interest funds, including a showing of such
- 6 funding provided by federal sources, state sources and local sources, and
- 7 bond and interest funds per student;
- 8 ~~(6)~~(5) total of all other funds not described in paragraphs ~~(3), (4) and~~
- 9 ~~(5)~~ (2), (3) and (4), excluding fund transfers, including a showing of such
- 10 funding provided by federal sources, state sources and local sources, and
- 11 total funds per student;
- 12 ~~(7)~~ total funds per student of all funds described in paragraphs ~~(3)~~
- 13 ~~through (6)~~;
- 14 ~~(8)~~(6) general fund moneys attributable to the following:
- 15 (A) BASE aid;
- 16 (B) high-enrollment weighting;
- 17 ~~(C)~~ low enrollment weighting;
- 18 ~~(D)~~(C) school facilities weighting;
- 19 ~~(E)~~(D) transportation weighting;
- 20 ~~(F)~~(E) at-risk student weighting;
- 21 ~~(G)~~(F) preschool-aged at-risk student weighting;
- 22 ~~(H)~~(G) high-density at-risk student weighting;
- 23 ~~(I)~~(H) career technical education weighting;
- 24 ~~(J)~~(I) special education and related services weighting;
- 25 ~~(K)~~(J) bilingual weighting;
- 26 ~~(L)~~(K) ancillary school facilities weighting;
- 27 ~~(M)~~(L) cost-of-living weighting;
- 28 ~~(N)~~(M) declining enrollment weighting; and
- 29 ~~(O)~~(N) virtual school state aid; and
- 30 (9) total expenditures ~~on the following~~ from each of the following
- 31 funds:
- 32 (A) At-risk education ~~programs and services fund~~;
- 33 (B) preschool-aged at-risk education ~~programs and services fund~~;
- 34 (C) bilingual education ~~programs and services fund~~;
- 35 (D) career and technical education ~~programs and services fund~~;
- 36 (E) special education ~~and related services fund~~; and
- 37 (F) virtual school ~~programs and services fund~~; and
- 38 ~~(10)~~(G) total expenditures from the special retirement contributions
- 39 fund.
- 40 ~~(d) The state board shall provide uniform guidelines for what~~
- 41 ~~constitutes total expenditures for the programs and services listed under~~
- 42 ~~subsection (e)(9).~~
- 43 Sec. 17. K.S.A. 2017 Supp. 72-53,113 is hereby amended to read as

1 follows: 72-53,113. (a) The board of education of any school district may
 2 make an annual tax levy at a mill rate not to exceed the statutorily
 3 prescribed mill rate upon the taxable tangible property in the school
 4 district for the purposes specified in this act and, with respect to any
 5 redevelopment district established prior to July 1, 2017, pursuant to K.S.A.
 6 12-1771, and amendments thereto, for the purpose of paying a portion of
 7 the principal and interest on bonds issued by cities under the authority of
 8 K.S.A. 12-1774, and amendments thereto, for the financing of
 9 redevelopment projects upon property located within the school district.
 10 No levy shall be made under this act until a resolution is adopted by the
 11 board of education in the following form:

12 Unified School District No. _____,
 13 _____ County, Kansas.

14 RESOLUTION

15 Be It Resolved that:

16 The above-named school board shall be authorized to make an annual
 17 tax levy in an amount not to exceed _____ mills upon the taxable tangible
 18 property in the school district for the purpose of acquisition, construction,
 19 reconstruction, repair, remodeling, additions to, furnishing, maintaining
 20 and equipping of school district property and equipment necessary for
 21 school district purposes, including: (1) Computer software; (2)
 22 performance uniforms; (3) housing and boarding pupils enrolled in an area
 23 vocational school operated under the board; (4) architectural expenses; (5)
 24 building sites; (6) undertaking and maintenance of asbestos control
 25 projects; (7) school buses; ~~and (8) utility expenses; (9) property and~~
 26 ~~casualty insurance; and (10) other fixed assets,~~ and with respect to any
 27 redevelopment district established prior to July 1, 2017, pursuant to K.S.A.
 28 12-1771, and amendments thereto, for the purpose of paying a portion of
 29 the principal and interest on bonds issued by cities under the authority of
 30 K.S.A. 12-1774, and amendments thereto, for the financing of
 31 redevelopment projects upon property located within the school district.
 32 The tax levy authorized by this resolution may be made, unless a petition
 33 in opposition to the same, signed by not less than 10% of the qualified
 34 electors of the school district, is filed with the county election officer of
 35 the home county of the school district within 40 calendar days after the last
 36 publication of this resolution. In the event a petition is filed, the county
 37 election officer shall submit the question of whether the tax levy shall be
 38 authorized to the electors in the school district at an election called for that
 39 purpose or at the next general election, as is specified by the board of
 40 education of the above school district.

41 CERTIFICATE

42 This is to certify that the above resolution was duly adopted by the
 43 board of education of Unified School District No. _____, _____

1 County, Kansas, on the ____ day of _____, ____.

2
3

Clerk of the board of education.

4 All of the blanks in the above resolution shall be appropriately filled.
5 The blank preceding the word "mills" shall be filled with a specific
6 number. The resolution shall be published once a week for two consecutive
7 weeks in a newspaper having general circulation in the school district. If
8 no petition as specified above is filed in accordance with the provisions of
9 the resolution, the board of education may make the tax levy specified in
10 the resolution. If a petition is filed as provided in the resolution, the board
11 of education may notify the county election officer of the date of an
12 election to be held to submit the question of whether the tax levy shall be
13 authorized. If the board of education fails to notify the county election
14 officer within 60 calendar days after a petition is filed, the resolution shall
15 be deemed abandoned and no like resolution shall be adopted by the board
16 of education within the nine months following the first publication of the
17 resolution.

18 (b) As used in this act:

19 (1) "Unconditionally authorized to make a capital outlay tax levy"
20 means that the school district has adopted a resolution under this section,
21 has published the same, and either that the resolution was not protested or
22 that it was protested and an election has been held by which the tax levy
23 specified in the resolution was approved;

24 (2) "statutorily prescribed mill rate" means: (A) Eight mills; (B) the
25 mill levy rate in excess of eight mills if the resolution fixing such rate was
26 approved at an election prior to the effective date of this act; or (C) the
27 mill levy rate in excess of eight mills if no petition or no sufficient petition
28 was filed in protest to a resolution fixing such rate in excess of eight mills
29 and the protest period for filing such petition has expired;

30 (3) "asbestos control project" means any activity which is necessary
31 or incidental to the control of asbestos-containing material in buildings of
32 school districts and includes, but not by way of limitation, any activity
33 undertaken for the removal or encapsulation of asbestos-containing
34 material, for any remodeling, renovation, replacement, rehabilitation or
35 other restoration necessitated by such removal or encapsulation, for
36 conducting inspections, reinspections and periodic surveillance of
37 buildings, performing response actions, and developing, implementing and
38 updating operations and maintenance programs and management plans;

39 (4) "asbestos" means the asbestiform varieties of chrysotile
40 (serpentine), crocidolite (riebeckite), amosite (cummingtonitegrunerite),
41 anthophyllite, tremolite, and actinolite; and

42 (5) "asbestos-containing material" means any material or product
43 which contains more than 1% asbestos.

1 Sec. 18. K.S.A. 2017 Supp. 72-53,116 is hereby amended to read as
2 follows: 72-53,116. (a) Any moneys in the capital outlay fund of any
3 school district and any moneys received from issuance of bonds under
4 K.S.A. 2017 Supp. 72-53,117 or 72-53,122, and amendments thereto, may
5 be used for the purpose of the acquisition, construction, reconstruction,
6 repair, remodeling, additions to, furnishing, maintaining and equipping of
7 school district property and equipment necessary for school district
8 purposes, including: (1) Computer software; (2) performance uniforms; (3)
9 housing and boarding pupils enrolled in an area vocational school operated
10 under the board of education; (4) architectural expenses; (5) building sites;
11 (6) undertaking and maintenance of asbestos control projects; (7) school
12 buses; *and* (8) utility expenses; ~~(9) property and casualty insurance; and~~
13 ~~(10) other fixed assets.~~

14 (b) The board of education of any school district is hereby authorized
15 to invest any portion of the capital outlay fund of the school district which
16 is not currently needed in investments authorized by K.S.A. 12-1675, and
17 amendments thereto, in the manner prescribed therein, or may invest the
18 same in direct obligations of the United States government maturing or
19 redeemable at par and accrued interest within three years from date of
20 purchase, the principal and interest whereof is guaranteed by the
21 government of the United States. All interest received on any such
22 investment shall upon receipt thereof be credited to the capital outlay fund.

23 Sec. 19. K.S.A. 2017 Supp. 72-5461 is hereby amended to read as
24 follows: 72-5461. (a) Upon receiving an application under K.S.A. 2017
25 Supp. 72-5460, and amendments thereto, the state board of education shall
26 review the application and examine the evidence furnished in support of
27 the application.

28 ~~(b) (1) Commencing in school year 2017-2018, the state board of~~
29 ~~education shall not approve any application submitted during the current~~
30 ~~school year if such approval would result in the aggregate amount of all~~
31 ~~general obligation bonds approved by the state board for such school year~~
32 ~~exceeding the aggregate principal amount of all general obligation bonds~~
33 ~~retired in the immediately preceding school year. In determining whether~~
34 ~~to approve an application, the state board shall prioritize applications in~~
35 ~~accordance with the priorities set forth as follows in order of highest~~
36 ~~priority to lowest priority:~~

37 ~~(A) Safety of the current facility and disability access to such facility~~
38 ~~as demonstrated by a state fire marshal report, an inspection under the~~
39 ~~Americans with disabilities act, 42 U.S.C. § 12101 et seq., or other similar~~
40 ~~evaluation;~~

41 ~~(B) enrollment growth and imminent overcrowding as demonstrated~~
42 ~~by successive increases in enrollment of the school district in the~~
43 ~~immediately preceding three school years;~~

1 (C) ~~impact on the delivery of educational services as demonstrated by~~
2 ~~restrictive inflexible design or limitations on installation of technology;~~
3 ~~and~~

4 (D) ~~energy usage and other operational inefficiencies as demonstrated~~
5 ~~by a district-wide energy usage analysis, district-wide architectural~~
6 ~~analysis or other similar evaluation.~~

7 (2) ~~The state board shall not consider a school district's eligibility for~~
8 ~~capital improvement state aid, or the amount of capital improvement state~~
9 ~~aid a school district would be eligible to receive, in determining whether to~~
10 ~~approve such district's application.~~

11 (3) ~~The provisions of subsection (b)(1) shall not apply to school~~
12 ~~districts that have not issued any general obligation bonds in the 25 years~~
13 ~~prior to the current school year.~~

14 (e)(b) ~~After reviewing the application and examining the supportive~~
15 ~~evidence, the state board of education shall issue an order either granting~~
16 ~~or denying the application. If the application is approved, the applicant~~
17 ~~board of education shall request the county election officer to hold an~~
18 ~~election to vote upon the question of issuing the increased amount of~~
19 ~~bonds in the manner provided by law.~~

20 (d) ~~Any application that is denied pursuant to subsection (b) may be~~
21 ~~tentatively approved by the state board of education for the immediately~~
22 ~~succeeding school year. The amount of general obligation bonds approved~~
23 ~~in any such application shall be counted first towards the aggregate~~
24 ~~amount of all general obligation bonds approved by the state board for~~
25 ~~such school year.~~

26 (e) ~~Commencing in school year 2017-2018, the state board of~~
27 ~~education shall determine the aggregate principal amount of general~~
28 ~~obligation bonds retired in the immediately preceding school year.~~

29 (f) ~~The provisions of subsections (b), (d) and (e) shall expire on June~~
30 ~~30, 2022.~~

31 Sec. 20. K.S.A. 2017 Supp. 72-5462 is hereby amended to read as
32 follows: 72-5462. (a) There is hereby established in the state treasury the
33 school district capital improvements fund. The fund shall consist of all
34 amounts transferred thereto under the provisions of subsection (c).

35 (b) In each school year, each school district which is obligated to
36 make payments from its capital improvements fund shall be entitled to
37 receive payment from the school district capital improvements fund in an
38 amount determined by the state board of education as provided in this
39 subsection.

40 (1) For general obligation bonds approved for issuance at an election
41 held prior to July 1, 2015, the state board of education shall:

42 (A) Determine the amount of the assessed valuation per pupil (AVPP)
43 of each school district in the state for the preceding school year and round

1 such amount to the nearest \$1,000. The rounded amount is the AVPP of a
2 school district for the purposes of this subsection (b)(1);

3 (B) determine the median AVPP of all school districts;

4 (C) prepare a schedule of dollar amounts using the amount of the
5 median AVPP of all school districts as the point of beginning. The
6 schedule of dollar amounts shall range upward in equal \$1,000 intervals
7 from the point of beginning to and including an amount that is equal to the
8 amount of the AVPP of the school district with the highest AVPP of all
9 school districts and shall range downward in equal \$1,000 intervals from
10 the point of beginning to and including an amount that is equal to the
11 amount of the AVPP of the school district with the lowest AVPP of all
12 school districts;

13 (D) determine a state aid percentage factor for each school district by
14 assigning a state aid computation percentage to the amount of the median
15 AVPP shown on the schedule, decreasing the state aid computation
16 percentage assigned to the amount of the median AVPP by one percentage
17 point for each \$1,000 interval above the amount of the median AVPP, and
18 increasing the state aid computation percentage assigned to the amount of
19 the median AVPP by one percentage point for each \$1,000 interval below
20 the amount of the median AVPP. Except as provided by K.S.A. 2017 Supp.
21 72-5463, and amendments thereto, the state aid percentage factor of a
22 school district is the percentage assigned to the schedule amount that is
23 equal to the amount of the AVPP of the school district. The state aid
24 percentage factor of a school district shall not exceed 100%. The state aid
25 computation percentage is 25%;

26 (E) determine the amount of payments that a school district is
27 obligated to make from its bond and interest fund attributable to general
28 obligation bonds approved for issuance at an election held prior to July 1,
29 2015; and

30 (F) multiply the amount determined under subsection (b)(1)(E) by the
31 applicable state aid percentage factor.

32 (2) For general obligation bonds approved for issuance at an election
33 held on or after July 1, 2015, the state board of education shall:

34 (A) Determine the amount of the AVPP of each school district in the
35 state for the preceding school year and round such amount to the nearest
36 \$1,000. The rounded amount is the AVPP of a school district for the
37 purposes of this subsection (b)(2);

38 (B) prepare a schedule of dollar amounts using the amount of the
39 AVPP of the school district with the lowest AVPP of all school districts as
40 the point of beginning. The schedule of dollar amounts shall range upward
41 in equal \$1,000 intervals from the point of beginning to and including an
42 amount that is equal to the amount of the AVPP of the school district with
43 the highest AVPP of all school districts;

1 (C) determine a state aid percentage factor for each school district by
2 assigning a state aid computation percentage to the amount of the lowest
3 AVPP shown on the schedule and decreasing the state aid computation
4 percentage assigned to the amount of the lowest AVPP by one percentage
5 point for each \$1,000 interval above the amount of the lowest AVPP.
6 Except as provided by K.S.A. 2017 Supp. 72-5463, and amendments
7 thereto, the state aid percentage factor of a school district is the percentage
8 assigned to the schedule amount that is equal to the amount of the AVPP of
9 the school district. The state aid computation percentage is 75%;

10 (D) determine the amount of payments that a school district is
11 obligated to make from its bond and interest fund attributable to general
12 obligation bonds approved for issuance at an election held on or after July
13 1, 2015; and

14 (E) multiply the amount determined under subsection (b)(2)(D) by
15 the applicable state aid percentage factor.

16 (3) For general obligation bonds approved for issuance at an election
17 held on or before June 30, 2016, the sum of the amount determined under
18 subsection (b)(1)(F) and the amount determined under subsection (b)(2)(E)
19 is the amount of payment the school district is entitled to receive from the
20 school district capital improvements fund in the school year.

21 (4) For general obligation bonds approved for issuance at an election
22 held on or after July 1, 2016, the amount determined under subsection (b)
23 (2)(E) is the amount of payment the school district shall receive from the
24 school district capital improvements fund in the school year, except the
25 total amount of payments school districts receive from the school district
26 capital improvements fund in the school year for such bonds shall not
27 exceed the six-year average amount of capital improvement state aid as
28 determined by the state board of education.

29 (A) The state board of education shall determine the six-year average
30 amount of capital improvement state aid by calculating the average of the
31 total amount of moneys expended per year from the school district capital
32 improvements fund in the immediately preceding six fiscal years, not to
33 include the current fiscal year.

34 (B) (i) Subject to clause (ii), the state board of education shall
35 prioritize the allocations to school districts from the school district capital
36 improvements fund in accordance with the priorities set forth as follows in
37 order of highest priority to lowest priority:

38 (a) Safety of the current facility and disability access to such facility
39 as demonstrated by a state fire marshal report, an inspection under the
40 Americans with disabilities act, 42 U.S.C. § 12101 et seq., or other similar
41 evaluation;

42 (b) enrollment growth and imminent overcrowding as demonstrated
43 by successive increases in enrollment of the school district in the

1 immediately preceding three school years;

2 (c) impact on the delivery of educational services as demonstrated by
3 restrictive inflexible design or limitations on installation of technology;
4 and

5 (d) energy usage and other operational inefficiencies as demonstrated
6 by a district-wide energy usage analysis, district-wide architectural
7 analysis or other similar evaluation.

8 (ii) In allocating capital improvement state aid, the state board shall
9 give higher priority to those school districts with a lower AVPP compared
10 to the other school districts that are to receive capital improvement state
11 aid under this section.

12 (C) On and after July 1, 2016, the state board of education shall
13 approve the amount of state aid payments a school district shall receive
14 from the school district capital improvements fund pursuant to subsection
15 (b)(5) prior to an election to approve the issuance of general obligation
16 bonds.

17 (5) Except as provided in ~~subsections~~ subsection (b)(6) and (b)(7), the
18 sum of the amounts determined under subsection (b)(3) and the amount
19 determined or allocated to the district by the state board of education
20 pursuant to subsection (b)(4), is the amount of payment the school district
21 is entitled to receive from the school district capital improvements fund in
22 the school year.

23 (6) A school district that had an enrollment of less than 260 students
24 in the school year immediately preceding the school year in which an
25 election is held to approve the issuance of general obligation bonds shall
26 not be entitled to receive payments from the school district capital
27 improvements fund unless such school district applied for and received
28 approval from the state board of education to issue such bonds prior to
29 holding an election to approve such bond issuance. The provisions of this
30 paragraph shall apply to general obligation bonds approved for issuance at
31 an election held on or after July 1, 2017, that are issued for the purpose of
32 financing the construction of new school facilities.

33 (7) ~~For general obligation bonds approved for issuance at an election~~
34 ~~held on or after July 1, 2017, in determining the amount under subsection~~
35 ~~(b)(2)(D), the state board shall exclude payments for any capital~~
36 ~~improvement project, or portion thereof, that proposes to construct,~~
37 ~~reconstruct or remodel a facility that would be used primarily for~~
38 ~~extracurricular activities, unless the construction, reconstruction or~~
39 ~~remodeling of such facility is necessary due to concerns relating to the~~
40 ~~safety of the current facility or disability access to such facility as~~
41 ~~demonstrated by a state fire marshal report, an inspection under the~~
42 ~~Americans with disabilities act, 42 U.S.C. § 12101 et seq., or other similar~~
43 ~~evaluation.~~

1 (c) The state board of education shall certify to the director of
2 accounts and reports the entitlements of school districts determined under
3 the provisions of subsection (b), and an amount equal thereto shall be
4 transferred by the director from the state general fund to the school district
5 capital improvements fund for distribution to school districts. All transfers
6 made in accordance with the provisions of this subsection shall be
7 considered to be demand transfers from the state general fund, except that
8 all such transfers during the fiscal years ending June 30, 2017, June 30,
9 2018, and June 30, 2019, shall be considered to be revenue transfers from
10 the state general fund.

11 (d) Payments from the school district capital improvements fund shall
12 be distributed to school districts at times determined by the state board of
13 education to be necessary to assist school districts in making scheduled
14 payments pursuant to contractual bond obligations. The state board of
15 education shall certify to the director of accounts and reports the amount
16 due each school district entitled to payment from the fund, and the director
17 of accounts and reports shall draw a warrant on the state treasurer payable
18 to the treasurer of the school district. Upon receipt of the warrant, the
19 treasurer of the school district shall credit the amount thereof to the bond
20 and interest fund of the school district to be used for the purposes of such
21 fund.

22 (e) The provisions of this section apply only to contractual
23 obligations incurred by school districts pursuant to general obligation
24 bonds issued upon approval of a majority of the qualified electors of the
25 school district voting at an election upon the question of the issuance of
26 such bonds.

27 (f) On or before the first day of the legislative session in 2017, and
28 each year thereafter, the state board of education shall prepare and submit
29 a report to the legislature that includes information on school district
30 elections held on or after July 1, 2016, to approve the issuance of general
31 obligation bonds and the amount of payments school districts were
32 approved to receive from the school district capital improvements fund
33 pursuant to subsection (b)(4)(C).

34 Sec. 21. K.S.A. 2017 Supp. 79-32,117 is hereby amended to read as
35 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
36 means such individual's federal adjusted gross income for the taxable year,
37 with the modifications specified in this section.

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

39 (i) Interest income less any related expenses directly incurred in the
40 purchase of state or political subdivision obligations, to the extent that the
41 same is not included in federal adjusted gross income, on obligations of
42 any state or political subdivision thereof, but to the extent that interest
43 income on obligations of this state or a political subdivision thereof issued

1 prior to January 1, 1988, is specifically exempt from income tax under the
2 laws of this state authorizing the issuance of such obligations, it shall be
3 excluded from computation of Kansas adjusted gross income whether or
4 not included in federal adjusted gross income. Interest income on
5 obligations of this state or a political subdivision thereof issued after
6 December 31, 1987, shall be excluded from computation of Kansas
7 adjusted gross income whether or not included in federal adjusted gross
8 income.

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

16 (iii) The federal net operating loss deduction, except that the federal
17 net operating loss deduction shall not be added to an individual's federal
18 adjusted gross income for tax years beginning after December 31, 2016.

19 (iv) Federal income tax refunds received by the taxpayer if the
20 deduction of the taxes being refunded resulted in a tax benefit for Kansas
21 income tax purposes during a prior taxable year. Such refunds shall be
22 included in income in the year actually received regardless of the method
23 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
24 be deemed to have resulted if the amount of the tax had been deducted in
25 determining income subject to a Kansas income tax for a prior year
26 regardless of the rate of taxation applied in such prior year to the Kansas
27 taxable income, but only that portion of the refund shall be included as
28 bears the same proportion to the total refund received as the federal taxes
29 deducted in the year to which such refund is attributable bears to the total
30 federal income taxes paid for such year. For purposes of the foregoing
31 sentence, federal taxes shall be considered to have been deducted only to
32 the extent such deduction does not reduce Kansas taxable income below
33 zero.

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

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

42 (vii) The amount of any charitable contribution made to the extent the
43 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-

1 32,196, and amendments thereto.

2 (viii) The amount of any costs incurred for improvements to a swine
3 facility, claimed for deduction in determining federal adjusted gross
4 income, to the extent the same is claimed as the basis for any credit
5 allowed pursuant to K.S.A. 2017 Supp. 79-32,204, and amendments
6 thereto.

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

13 (x) Amounts received as nonqualified withdrawals, as defined by
14 K.S.A. 2017 Supp. 75-643, and amendments thereto, if, at the time of
15 contribution to a family postsecondary education savings account, such
16 amounts were subtracted from the federal adjusted gross income pursuant
17 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts
18 are not already included in the federal adjusted gross income.

19 (xi) The amount of any contribution made to the same extent the
20 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2017
21 Supp. 74-50,154, and amendments thereto.

22 (xii) For taxable years commencing after December 31, 2004,
23 amounts received as withdrawals not in accordance with the provisions of
24 K.S.A. 2017 Supp. 74-50,204, and amendments thereto, if, at the time of
25 contribution to an individual development account, such amounts were
26 subtracted from the federal adjusted gross income pursuant to subsection
27 (c)(xiii), or if such amounts are not already included in the federal adjusted
28 gross income.

29 (xiii) The amount of any expenditures claimed for deduction in
30 determining federal adjusted gross income, to the extent the same is
31 claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp.
32 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

33 (xiv) The amount of any amortization deduction claimed in
34 determining federal adjusted gross income to the extent the same is
35 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,221, and
36 amendments thereto.

37 (xv) The amount of any expenditures claimed for deduction in
38 determining federal adjusted gross income, to the extent the same is
39 claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp.
40 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
41 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
42 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

43 (xvi) The amount of any amortization deduction claimed in

1 determining federal adjusted gross income to the extent the same is
2 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,227, 79-
3 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
4 thereto.

5 (xvii) The amount of any amortization deduction claimed in
6 determining federal adjusted gross income to the extent the same is
7 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,256, and
8 amendments thereto.

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

19 (xix) For taxable years beginning after December 31, 2012, and
20 ending before January 1, 2017, the amount of any: (1) Loss from business
21 as determined under the federal internal revenue code and reported from
22 schedule C and on line 12 of the taxpayer's form 1040 federal individual
23 income tax return; (2) loss from rental real estate, royalties, partnerships, S
24 corporations, except those with wholly owned subsidiaries subject to the
25 Kansas privilege tax, estates, trusts, residual interest in real estate
26 mortgage investment conduits and net farm rental as determined under the
27 federal internal revenue code and reported from schedule E and on line 17
28 of the taxpayer's form 1040 federal individual income tax return; and (3)
29 farm loss as determined under the federal internal revenue code and
30 reported from schedule F and on line 18 of the taxpayer's form 1040
31 federal income tax return; all to the extent deducted or subtracted in
32 determining the taxpayer's federal adjusted gross income. For purposes of
33 this subsection, references to the federal form 1040 and federal schedule
34 C, schedule E, and schedule F, shall be to such form and schedules as they
35 existed for tax year 2011, and as revised thereafter by the internal revenue
36 service.

37 (xx) For taxable years beginning after December 31, 2012, and
38 ending before January 1, 2017, the amount of any deduction for self-
39 employment taxes under section 164(f) of the federal internal revenue
40 code as in effect on January 1, 2012, and amendments thereto, in
41 determining the federal adjusted gross income of an individual taxpayer, to
42 the extent the deduction is attributable to income reported on schedule C,
43 E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income

1 tax return.

2 (xxi) For taxable years beginning after December 31, 2012, and
3 ending before January 1, 2017, the amount of any deduction for pension,
4 profit sharing, and annuity plans of self-employed individuals under
5 section 62(a)(6) of the federal internal revenue code as in effect on January
6 1, 2012, and amendments thereto, in determining the federal adjusted gross
7 income of an individual taxpayer.

8 (xxii) For taxable years beginning after December 31, 2012, and
9 ending before January 1, 2017, the amount of any deduction for health
10 insurance under section 162(l) of the federal internal revenue code as in
11 effect on January 1, 2012, and amendments thereto, in determining the
12 federal adjusted gross income of an individual taxpayer.

13 (xxiii) For taxable years beginning after December 31, 2012, and
14 ending before January 1, 2017, the amount of any deduction for domestic
15 production activities under section 199 of the federal internal revenue code
16 as in effect on January 1, 2012, and amendments thereto, in determining
17 the federal adjusted gross income of an individual taxpayer.

18 (xxiv) For taxable years commencing after December 31, 2013, that
19 portion of the amount of any expenditure deduction claimed in
20 determining federal adjusted gross income for expenses paid for medical
21 care of the taxpayer or the taxpayer's spouse or dependents when such
22 expenses were paid or incurred for an abortion, or for a health benefit plan,
23 as defined in K.S.A. 2017 Supp. 65-6731, and amendments thereto, for the
24 purchase of an optional rider for coverage of abortion in accordance with
25 K.S.A. 2017 Supp. 40-2,190, and amendments thereto, to the extent that
26 such taxes and assessments are claimed as an itemized deduction for
27 federal income tax purposes.

28 (xxv) For taxable years commencing after December 31, 2013, that
29 portion of the amount of any expenditure deduction claimed in
30 determining federal adjusted gross income for expenses paid by a taxpayer
31 for health care when such expenses were paid or incurred for abortion
32 coverage, a health benefit plan, as defined in K.S.A. 2017 Supp. 65-6731,
33 and amendments thereto, when such expenses were paid or incurred for
34 abortion coverage or amounts contributed to health savings accounts for
35 such taxpayer's employees for the purchase of an optional rider for
36 coverage of abortion in accordance with K.S.A. 2017 Supp. 40-2,190, and
37 amendments thereto, to the extent that such taxes and assessments are
38 claimed as a deduction for federal income tax purposes.

39 (xxvi) *For all taxable years beginning after December 31, 2016, and*
40 *ending before January 1, 2018, the amount of any charitable contribution*
41 *made to the extent the same is claimed as the basis for the credit allowed*
42 *pursuant to K.S.A. 2017 Supp. 72-4357, and amendments thereto, and is*
43 *also claimed as an itemized deduction for federal income tax purposes.*

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

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

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

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

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

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

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

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

38 (viii) Amounts received by retired railroad employees as a
39 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
40 228c (a)(1) et seq.

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

1 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
2 amendments thereto.

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

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

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

14 (xiii) For taxable years beginning after December 31, 2004, amounts
15 contributed to and the amount of income earned on contributions deposited
16 to an individual development account under K.S.A. 2017 Supp. 74-50,201
17 et seq., and amendments thereto.

18 (xiv) For all taxable years commencing after December 31, 1996, that
19 portion of any income of a bank organized under the laws of this state or
20 any other state, a national banking association organized under the laws of
21 the United States, an association organized under the savings and loan
22 code of this state or any other state, or a federal savings association
23 organized under the laws of the United States, for which an election as an
24 S corporation under subchapter S of the federal internal revenue code is in
25 effect, which accrues to the taxpayer who is a stockholder of such
26 corporation and which is not distributed to the stockholders as dividends of
27 the corporation. For taxable years beginning after December 31, 2012, and
28 ending before January 1, 2017, the amount of modification under this
29 subsection shall exclude the portion of income or loss reported on schedule
30 E and included on line 17 of the taxpayer's form 1040 federal individual
31 income tax return.

32 (xv) For all taxable years beginning after December 31, 2006,
33 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
34 joint return, for each designated beneficiary which are contributed to a
35 family postsecondary education savings account established under the
36 Kansas postsecondary education savings program or a qualified tuition
37 program established and maintained by another state or agency or
38 instrumentality thereof pursuant to section 529 of the internal revenue
39 code of 1986, as amended, for the purpose of paying the qualified higher
40 education expenses of a designated beneficiary at an institution of
41 postsecondary education. The terms and phrases used in this paragraph
42 shall have the meaning respectively ascribed thereto by the provisions of
43 K.S.A. 2017 Supp. 75-643, and amendments thereto, and the provisions of

1 such section are hereby incorporated by reference for all purposes thereof.

2 (xvi) For all taxable years beginning after December 31, 2004,
3 amounts received by taxpayers who are or were members of the armed
4 forces of the United States, including service in the Kansas army and air
5 national guard, as a recruitment, sign up or retention bonus received by
6 such taxpayer as an incentive to join, enlist or remain in the armed services
7 of the United States, including service in the Kansas army and air national
8 guard, and amounts received for repayment of educational or student loans
9 incurred by or obligated to such taxpayer and received by such taxpayer as
10 a result of such taxpayer's service in the armed forces of the United States,
11 including service in the Kansas army and air national guard.

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

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

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

33 (xx) For taxable years beginning after December 31, 2012, and
34 ending before January 1, 2017, the amount of any: (1) Net profit from
35 business as determined under the federal internal revenue code and
36 reported from schedule C and on line 12 of the taxpayer's form 1040
37 federal individual income tax return; (2) net income, not including
38 guaranteed payments as defined in section 707(c) of the federal internal
39 revenue code and as reported to the taxpayer from federal schedule K-1,
40 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
41 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
42 partnerships, S corporations, estates, trusts, residual interest in real estate
43 mortgage investment conduits and net farm rental as determined under the

1 federal internal revenue code and reported from schedule E and on line 17
2 of the taxpayer's form 1040 federal individual income tax return; and (3)
3 net farm profit as determined under the federal internal revenue code and
4 reported from schedule F and on line 18 of the taxpayer's form 1040
5 federal income tax return; all to the extent included in the taxpayer's
6 federal adjusted gross income. For purposes of this subsection, references
7 to the federal form 1040 and federal schedule C, schedule E, and schedule
8 F, shall be to such form and schedules as they existed for tax year 2011
9 and as revised thereafter by the internal revenue service.

10 (xxi) For all taxable years beginning after December 31, 2013,
11 amounts equal to the unreimbursed travel, lodging and medical
12 expenditures directly incurred by a taxpayer while living, or a dependent
13 of the taxpayer while living, for the donation of one or more human organs
14 of the taxpayer, or a dependent of the taxpayer, to another person for
15 human organ transplantation. The expenses may be claimed as a
16 subtraction modification provided for in this section to the extent the
17 expenses are not already subtracted from the taxpayer's federal adjusted
18 gross income. In no circumstances shall the subtraction modification
19 provided for in this section for any individual, or a dependent, exceed
20 \$5,000. As used in this section, "human organ" means all or part of a liver,
21 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
22 paragraph shall take effect on the day the secretary of revenue certifies to
23 the director of the budget that the cost for the department of revenue of
24 modifications to the automated tax system for the purpose of
25 implementing this paragraph will not exceed \$20,000.

26 (xxii) For taxable years beginning after December 31, 2012, and
27 ending before January 1, 2017, the amount of net gain from the sale of: (1)
28 Cattle and horses, regardless of age, held by the taxpayer for draft,
29 breeding, dairy or sporting purposes, and held by such taxpayer for 24
30 months or more from the date of acquisition; and (2) other livestock,
31 regardless of age, held by the taxpayer for draft, breeding, dairy or
32 sporting purposes, and held by such taxpayer for 12 months or more from
33 the date of acquisition. The subtraction from federal adjusted gross income
34 shall be limited to the amount of the additions recognized under the
35 provisions of subsection (b)(xix) attributable to the business in which the
36 livestock sold had been used. As used in this paragraph, the term
37 "livestock" shall not include poultry.

38 (xxiii) For all taxable years beginning after December 31, 2012,
39 amounts received under either the Overland Park, Kansas police
40 department retirement plan or the Overland Park, Kansas fire department
41 retirement plan, both as established by the city of Overland Park, pursuant
42 to the city's home rule authority.

43 (xxiv) For taxable years beginning after December 31, 2013, and

1 ending before January 1, 2017, the net gain from the sale from Christmas
2 trees grown in Kansas and held by the taxpayer for six years or more.

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

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

12 (f) No taxpayer shall be assessed penalties and interest from the
13 underpayment of taxes due to changes to this section that became law on
14 July 1, 2017, so long as such underpayment is rectified on or before April
15 17, 2018.

16 Sec. 22. K.S.A. 2016 Supp. 72-99a02, as amended by section 96 of
17 chapter 95 of the 2017 Session Laws of Kansas and K.S.A. 2017 Supp.
18 72-1171, 72-4352, 72-4354, 72-4357, 72-5131, 72-5132, 72-5133, 72-
19 5143, 72-5144, 72-5145, 72-5148, 72-5149, 72-5150, 72-5151, 72-5153,
20 72-5155, 72-5171, 72-5172, 72-5176, 72-53,113, 72-53,116, 72-5461, 72-
21 5462, 72-6463, 72-6464, 72-6465, 72-6466, 72-6467, 72-6468, 72-6469,
22 72-6470, 72-6471, 72-6472, 72-6473, 72-6474, 72-6475, 72-6477, 72-
23 6478, 72-6479, 72-6480, 72-6481, 79-32,117 and 79-32,117o are hereby
24 repealed.

25 Sec. 23. This act shall take effect and be in force from and after its
26 publication in the statute book.