

SENATE BILL No. 3

By Committee on Ways and Means

6-23

1 AN ACT concerning education; relating to the financing and instruction
2 thereof; making and concerning appropriations for the fiscal years
3 ending June 30, 2017, and June 30, 2018, for certain agencies; relating
4 to the classroom learning assuring student success act; repealing the tax
5 credit for low income students scholarship program act; amending
6 K.S.A. 2015 Supp. 72-3715, 72-6463, as amended by section 6 of 2016
7 Senate Substitute for House Bill No. 2655, 72-6481, as amended by
8 section 10 of 2016 Senate Substitute for House Bill No. 2655 and 79-
9 32,138 and repealing the existing sections; also repealing K.S.A. 2015
10 Supp. 72-6476, as amended by section 9 of 2016 Senate Substitute for
11 House Bill No. 2655, 72-99a01, 72-99a02, 72-99a03, 72-99a04, 72-
12 99a05, 72-99a06 and 72-99a07 and sections 2, 3 and 5 of 2016 Senate
13 Substitute for House Bill No. 2655.
14

15 *Be it enacted by the Legislature of the State of Kansas:*
16 Section 1.

17 DEPARTMENT OF EDUCATION

18 (a) There is appropriated for the above agency from the state general
19 fund for the fiscal year ending June 30, 2017, the following:
20 Supplemental general state aid.....\$99,408,027

21 (b) On July 1, 2016, the \$61,792,947 appropriated for the above
22 agency for the fiscal year ending June 30, 2017, by section 1(a) of 2016
23 Senate Substitute for House Bill No. 2655 from the state general fund in
24 the school district equalization state aid account, is hereby lapsed:
25 *Provided*, That the state board of education shall not make any
26 disbursements of school district equalization state aid to any school district
27 pursuant to section 5 of 2016 Senate Substitute for House Bill No. 2655
28 during fiscal year 2017.

29 (c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above
30 agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016
31 House Substitute for Senate Bill No. 161 from the state general fund in the
32 block grants to USDs account (652-00-1000-0500), the sum of \$7,300,000
33 is hereby lapsed.

34 (d) On July 1, 2016, the expenditure limitation established for the
35 fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015
36 Session Laws of Kansas on the school district extraordinary need fund of

1 the department of education is hereby decreased from \$17,521,425 to \$0.

2 (e) The provisions of section 1(d), (e) and (f) of 2016 Senate
3 Substitute for House Bill No. 2655 are hereby declared to be null and void
4 and shall have no force and effect.

5 Sec. 2.

6 DEPARTMENT OF COMMERCE

7 (a) On July 1, 2016, or as soon thereafter as moneys are available, the
8 director of accounts and reports shall transfer \$13,000,000 from the job
9 creation program fund of the department of commerce to the state general
10 fund: *Provided*, That the transfer of each such amount shall be in addition
11 to any other transfer from the job creation program fund of the department
12 of commerce to the state general fund as prescribed by law.

13 Sec. 3.

14 KANSAS DEPARTMENT FOR CHILDREN AND FAMILIES

15 (a) In addition to the other purposes for which expenditures may be
16 made by the above agency from the temporary assistance to needy families
17 federal fund for fiscal year 2017 by section 111(b) of chapter 104 of the
18 2015 Session Laws of Kansas, section 50(e) of 2016 House Substitute for
19 Senate Bill No. 161, this act of the 2016 special session or appropriation
20 act of the 2016 or 2017 regular session of the legislature, expenditures
21 shall be made by the above agency from the temporary assistance to needy
22 families federal fund for fiscal year 2017, in an amount not less than
23 \$3,000,000, for the purpose of providing additional funding for programs
24 provided by the department of education: *Provided, however*, That any
25 such programs shall: (1) Comply with requirements of the temporary
26 assistance to needy families block grant; and (2) meet any other
27 programmatic requirements of the federal guidelines for temporary
28 assistance to needy families program.

29 (b) On July 1, 2016, or as soon thereafter as moneys are available, the
30 director of accounts and reports shall transfer \$3,000,000 from the
31 children's initiatives fund to the state general fund.

32 (c) On July 1, 2016, of the \$42,000,000 appropriated for the above
33 agency for the fiscal year ending June 30, 2017, by section 50(d) of 2016
34 House Substitute for Senate Bill No. 161 from the children's initiatives
35 fund, the sum of \$3,000,000 is hereby lapsed.

36 (d) When the Kansas department for children and families authorizes
37 an expenditure of moneys from the temporary assistance for needy
38 families federal fund in fiscal year 2017 for additional funding for
39 programs provided by the department of education pursuant to subsection
40 (a), the director of the budget shall direct the director of accounts and
41 reports to create a temporary assistance for needy families federal fund
42 with no limit expenditure authority in the department of education, if such
43 fund does not already exist.

1 New Sec. 4. (a) Each school district that has adopted a local option
2 budget is eligible to receive an amount of supplemental general state aid. A
3 school district's eligibility to receive supplemental general state aid shall
4 be determined by the state board as provided in this subsection. The state
5 board of education shall:

6 (1) Determine the amount of the assessed valuation per pupil in the
7 preceding school year of each district in the state;

8 (2) rank the districts from low to high on the basis of the amounts of
9 assessed valuation per pupil determined under subsection (a)(1);

10 (3) identify the amount of the assessed valuation per pupil located at
11 the 81.2 percentile of the amounts ranked under subsection (a)(2);

12 (4) divide the assessed valuation per pupil of the district in the
13 preceding school year by the amount identified under subsection (a)(3);
14 and

15 (5) if the quotient obtained under subsection (a)(4) is less than one,
16 subtract the quotient obtained under subsection (a)(4) from one, and
17 multiply such difference by the amount of the local option budget of the
18 school district. The resulting product is the supplemental general state aid
19 the school district is entitled to receive for the school year. If the quotient
20 obtained under subsection (a)(4) equals or exceeds one, the school district
21 shall not be entitled to receive supplemental general state aid.

22 (b) The state board shall prescribe the dates upon which the
23 distribution of payments of supplemental general state aid to school
24 districts shall be due. Payments of supplemental general state aid shall be
25 distributed to school districts on the dates prescribed by the state board.
26 The state board shall certify to the director of accounts and reports the
27 amount due each school district, and the director of accounts and reports
28 shall draw a warrant on the state treasurer payable to the treasurer of the
29 school district. Upon receipt of the warrant, the treasurer of the school
30 district shall credit the amount thereof to the supplemental general fund of
31 the school district to be used for the purposes of such fund.

32 (c) If any amount of supplemental general state aid that is due to be
33 paid during the month of June of a school year pursuant to the other
34 provisions of this section is not paid on or before June 30 of such school
35 year, then such payment shall be paid on or after the ensuing July 1, as
36 soon as moneys are available therefor. Any payment of supplemental
37 general state aid that is due to be paid during the month of June of a school
38 year and that is paid to school districts on or after the ensuing July 1 shall
39 be recorded and accounted for by school districts as a receipt for the
40 school year ending on the preceding June 30.

41 (d) The provisions of this section shall be part of and supplemental to
42 the classroom learning assuring student success act.

43 (e) The provisions of this section shall expire on June 30, 2017.

1 Sec. 5. K.S.A. 2015 Supp. 72-3715 is hereby amended to read as
2 follows: 72-3715. (a) In order to be included in the full-time equivalent
3 enrollment of a virtual school, a pupil shall be in attendance at the virtual
4 school on: (1) A single school day on or before September 19 of each
5 school year; and (2) on a single school day on or after September 20, but
6 before October 4 of each school year.

7 (b) A school district which offers a virtual school shall determine the
8 full-time equivalent enrollment of each pupil enrolled in the virtual school
9 on September 20 of each school year as follows:

10 (1) Determine the number of hours the pupil was in attendance on a
11 single school day on or before September 19 of each school year;

12 (2) determine the number of hours the pupil was in attendance on a
13 single school day on or after September 20, but before October 4 of each
14 school year;

15 (3) add the numbers obtained under paragraphs (1) and (2);

16 (4) divide the sum obtained under paragraph (3) by 12. The quotient
17 is the full-time equivalent enrollment of the pupil.

18 (c) The school days on which a district determines the full-time
19 equivalent enrollment of a pupil under subsections (b)(1) and (2) shall be
20 the school days on which the pupil has the highest number of hours of
21 attendance at the virtual school. No more than six hours of attendance may
22 be counted in a single school day. Attendance may be shown by a pupil's
23 on-line activity or entries in the pupil's virtual school journal or log of
24 activities.

25 (d) Subject to the availability of appropriations and within the limits
26 of any such appropriations, each school year a school district which offers
27 a virtual school shall receive virtual school state aid.

28 The state board of education shall determine the amount of virtual
29 school state aid a school district is to receive as follows:

30 (1) For school year 2015-2016:

31 (A) Determine the number of pupils enrolled in virtual school on a
32 full-time basis, excluding those pupils who are over 18 years of age, and
33 multiply the total number of such pupils by \$5,000;

34 (B) determine the full-time equivalent enrollment of pupils enrolled
35 in virtual school on a part-time basis, excluding those pupils who are over
36 18 years of age, and multiply the total full-time equivalent enrollment of
37 such pupils by \$4,045;

38 (C) for pupils enrolled in a virtual school who are over 18 years of
39 age, determine the number of one-hour credit courses such pupils have
40 passed and multiply the total number of such courses by \$933; and

41 (D) add the amounts calculated under subsections (d)(1)(A) through
42 (d)(1)(C). The resulting sum is the amount of virtual school state aid the
43 school district shall receive.

1 (2) For school year 2016-2017:

2 (A) Determine the number of pupils enrolled in virtual school on a
3 full-time basis, excluding those pupils who are over 18 years of age, and
4 multiply the total number of such pupils by ~~\$5,600~~ \$4,045;

5 (B) determine the full-time equivalent enrollment of pupils enrolled
6 in virtual school on a part-time basis, excluding those pupils who are over
7 18 years of age, and multiply the total full-time equivalent enrollment of
8 such pupils by \$1,700;

9 (C) for pupils enrolled in a virtual school who are over 18 years of
10 age, determine the number of one-hour credit courses such pupils have
11 passed and multiply the total number of such courses by \$933; and

12 (D) add the amounts calculated under subsections (d)(2)(A) through
13 (d)(2)(C). The resulting sum is the amount of virtual school state aid the
14 school district shall receive.

15 (3) For purposes of this subsection:

16 (A) "Full-time" means attendance in a virtual school for no less than
17 six hours as determined pursuant to subsection (b).

18 (B) "Part-time" means attendance in a virtual school for less than six
19 hours as determined pursuant to subsection (b).

20 (e) There is hereby established in every school district a fund which
21 shall be called the virtual school fund, which fund shall consist of all
22 moneys deposited therein or transferred thereto according to law. The
23 expenses of a school district directly attributable to virtual schools offered
24 by a school district may be paid from the virtual school fund. The cost of
25 an advance placement course provided to a pupil by a virtual school shall
26 be paid by the virtual school. Amounts deposited in the virtual school fund
27 may be transferred to the general fund of the school district as approved by
28 the board of education.

29 Any balance remaining in the virtual school fund at the end of the
30 budget year shall be carried forward into the virtual school fund for
31 succeeding budget years. Such fund shall not be subject to the provisions
32 of K.S.A. 79-2925 through 79-2937, and amendments thereto.

33 In preparing the budget of such school district, the amounts credited to
34 and the amount on hand in the virtual school fund, and the amount
35 expended therefrom shall be included in the annual budget for the
36 information of the residents of the school district. Interest earned on the
37 investment of moneys in any such fund shall be credited to that fund.

38 (f) For the purposes of this section, a pupil enrolled in a virtual school
39 who is not a resident of the state of Kansas shall not be counted in the full-
40 time equivalent enrollment of the virtual school. The virtual school shall
41 record the permanent address of any pupil enrolled in such virtual school.

42 Sec. 6. K.S.A. 2015 Supp. 72-6463, as amended by section 6 of 2016
43 Senate Substitute for House Bill No. 2655, is hereby amended to read as

1 follows: 72-6463. (a) The provisions of K.S.A. 2015 Supp. 72-6463
2 through 72-6481, ~~and sections 3 through 5~~ *section 4 of 2016 Senate*
3 *Substitute for House Bill No. 2655 and section 4*, and amendments thereto,
4 shall be known and may be cited as the classroom learning assuring
5 student success act.

6 (b) The legislature hereby declares that the intent of this act is to
7 lessen state interference and involvement in the local management of
8 school districts and to provide more flexibility and increased local control
9 for school district boards of education and administrators in order to:

10 (1) Enhance predictability and certainty in school district funding
11 sources and amounts;

12 (2) allow school district boards of education and administrators to
13 best meet their individual school district's financial needs; and

14 (3) maximize opportunities for more funds to go to the classroom.

15 To meet this legislative intent, state financial support for elementary
16 and secondary public education will be met by providing a block grant for
17 school years 2015-2016 and 2016-2017 to each school district. Each
18 school district's block grant will be based in part on, and be at least equal
19 to, the total state financial support as determined for school year 2014-
20 2015 under the school district finance and quality performance act, prior to
21 its repeal. All school districts will be held harmless from any decreases to
22 the final school year 2014-2015 amount of total state financial support.

23 (c) The legislature further declares that the guiding principles for the
24 development of subsequent legislation for the finance of elementary and
25 secondary public education should consist of the following:

26 (1) Ensuring that students' educational needs are funded;

27 (2) providing more funding to classroom instruction;

28 (3) maximizing flexibility in the use of funding by school district
29 boards of education and administrators; and

30 (4) achieving the goal of providing students with those education
31 capacities established in K.S.A. 72-1127, and amendments thereto.

32 (d) The provisions of this section shall be effective from and after
33 July 1, 2015, through June 30, 2017.

34 Sec. 7. K.S.A. 2015 Supp. 72-6481, as amended by section 10 of
35 2016 Senate Substitute for House Bill No. 2655, is hereby amended to
36 read as follows: 72-6481. (a) The provisions of K.S.A. 2015 Supp. 72-
37 6463 through 72-6481, ~~and sections 3 through 5~~ *section 4 of 2016 Senate*
38 *Substitute for House Bill No. 2655 and section 4*, and amendments thereto,
39 shall be severable. If any provision of K.S.A. 2015 Supp. 72-6463 through
40 72-6481, ~~and sections 3 through 5~~ *section 4 of 2016 Senate Substitute for*
41 *House Bill No. 2655 and section 4*, and amendments thereto, or any
42 application of such provision to any person or circumstance is held to be
43 invalid or unconstitutional by court order, the invalidity shall not affect

1 other provisions or applications of K.S.A. 2015 Supp. 72-6463 through 72-
2 6481, ~~and sections 3 through 5~~ *section 4 of 2016 Senate Substitute for*
3 *House Bill No. 2655 and section 4*, and amendments thereto, which can be
4 given effect without the invalid provision or application.

5 (b) The provisions of this section shall be effective from and after
6 July 1, 2015, through June 30, 2017.

7 Sec. 8. K.S.A. 2015 Supp. 79-32,138 is hereby amended to read as
8 follows: 79-32,138. (a) Kansas taxable income of a corporation taxable
9 under this act shall be the corporation's federal taxable income for the
10 taxable year with the modifications specified in this section.

11 (b) There shall be added to federal taxable income: (i) The same
12 modifications as are set forth in ~~subsection (b) of~~ K.S.A. 79-32,117(b), and
13 amendments thereto, with respect to resident individuals, except
14 subsections (b)(xix), (b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii).

15 (ii) The amount of all depreciation deductions claimed for any
16 property upon which the deduction allowed by K.S.A. 2015 Supp. 79-
17 32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-
18 32,255 or 79-32,256, and amendments thereto, is claimed.

19 (iii) The amount of any charitable contribution deduction claimed for
20 any contribution or gift to or for the use of any racially segregated
21 educational institution.

22 (iv) For taxable years commencing December 31, 2013, that portion
23 of the amount of any expenditure deduction claimed in determining federal
24 adjusted gross income for expenses paid by a taxpayer for health care
25 when such expenses were paid or incurred for abortion coverage, a health
26 benefit plan, as defined in K.S.A. 2015 Supp. 65-6731, and amendments
27 thereto, when such expenses were paid or incurred for abortion coverage
28 or amounts contributed to health savings accounts for such taxpayer's
29 employees for the purchase of an optional rider for coverage of abortion in
30 accordance with K.S.A. 2015 Supp. 40-2,190, and amendments thereto.

31 ~~(v) The amount of any charitable contribution deduction claimed for~~
32 ~~any contribution or gift made to a scholarship granting organization to the~~
33 ~~extent the same is claimed as the basis for the credit allowed pursuant to~~
34 ~~K.S.A. 2015 Supp. 72-99a07, and amendments thereto.~~

35 (c) There shall be subtracted from federal taxable income: (i) The
36 same modifications as are set forth in ~~subsection (e) of~~ K.S.A. 79-
37 32,117(c), and amendments thereto, with respect to resident individuals,
38 except subsection (c)(xx).

39 (ii) The federal income tax liability for any taxable year commencing
40 prior to December 31, 1971, for which a Kansas return was filed after
41 reduction for all credits thereon, except credits for payments on estimates
42 of federal income tax, credits for gasoline and lubricating oil tax, and for
43 foreign tax credits if, on the Kansas income tax return for such prior year,

1 the federal income tax deduction was computed on the basis of the federal
2 income tax paid in such prior year, rather than as accrued. Notwithstanding
3 the foregoing, the deduction for federal income tax liability for any year
4 shall not exceed that portion of the total federal income tax liability for
5 such year which bears the same ratio to the total federal income tax
6 liability for such year as the Kansas taxable income, as computed before
7 any deductions for federal income taxes and after application of
8 subsections (d) and (e) of this section as existing for such year, bears to the
9 federal taxable income for the same year.

10 (iii) An amount for the amortization deduction allowed pursuant to
11 K.S.A. 2015 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-
12 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto.

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

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

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

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

38 Sec. 9. K.S.A. 2015 Supp. 72-3715, 72-6463, as amended by section
39 6 of 2016 Senate Substitute for House Bill No. 2655, 72-6476, as amended
40 by section 9 of 2016 Senate Substitute for House Bill No. 2655, 72-6481,
41 as amended by section 10 of 2016 Senate Substitute for House Bill No.
42 2655, 72-99a01, 72-99a02, 72-99a03, 72-99a04, 72-99a05, 72-99a06, 72-
43 99a07 and 79-32,138 and sections 2, 3 and 5 of 2016 Senate Substitute for

- 1 House Bill No. 2655 are hereby repealed.
- 2 Sec. 10. This act shall take effect and be in force from and after its
- 3 publication in the statute book.