

HOUSE BILL No. 2150

By Representatives Erickson and Humphries

2-6

1 AN ACT concerning education; relating to bullying; creating the Kansas
2 hope scholarship act; amending K.S.A. 2018 Supp. 79-32,117 and
3 repealing the existing section.
4

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

6 New Section 1. Sections 1 through 13, and amendments thereto, shall
7 be known and may be cited as the Kansas hope scholarship act.

8 New Sec. 2. As used in this act:

9 (a) "Account" means a Kansas hope scholarship account.

10 (b) "BASE aid" means the amount of base aid for student excellence
11 set forth in K.S.A. 72-5132, and amendments thereto, for the immediately
12 preceding school year.

13 (c) "Bullying" means the same as that term is defined in K.S.A. 72-
14 6147, and amendments thereto.

15 (d) "Department" means the Kansas department of education.

16 (e) "Eligible student" means a resident of Kansas who:

17 (1) Is or has been enrolled in kindergarten or any of the grades one
18 through 12 in a school district organized under the laws of this state;

19 (2) has reported an incident of bullying in accordance with section 3,
20 and amendments thereto; and

21 (3) has not graduated from high school.

22 (f) "Parent" means a parent, legal guardian, custodian or other person
23 with authority to act on behalf of an eligible student.

24 (g) "Participating learning entity" means: (1) Any elementary or
25 secondary school operated by a school district; or (2) a qualified private
26 school.

27 (h) "Program" means the Kansas hope scholarship program
28 established under section 4, and amendments thereto.

29 (i) "Qualified private school" means a private school that is approved
30 by the treasurer pursuant to section 9, and amendments thereto, and that
31 remains in good standing in accordance with the provisions of this act.

32 (j) "Resident school district" means the school district in which an
33 eligible student would be enrolled based on such eligible student's
34 residence.

35 (k) "Treasurer" means the state treasurer or the state treasurer's
36 designee.

1 New Sec. 3. (a) A student shall be eligible to participate in the Kansas
2 hope scholarship program if the student has reported an incident of
3 bullying. A student may report an incident of bullying to any teacher,
4 counselor or administrator, who will prepare a written report of the
5 incident and submit such written incident report to the principal of the
6 school where the student regularly attends.

7 (b) Upon receipt of a written incident report, the principal, or the
8 principal's designee, shall provide a copy of the report to the parent of the
9 student who reported the incident and investigate the incident. Within 24
10 hours after receipt of a written report, the principal, or the principal's
11 designee, shall provide a copy of the report to the parent of the alleged
12 offender and to the superintendent of the school district. Upon the
13 conclusion of the investigation, or within 15 days after the incident was
14 first reported, whichever occurs first, the school district shall notify the
15 parent of the student who reported the incident that the student is eligible
16 for the Kansas hope scholarship program and provide a written description
17 of the program, including the information described in section 4, and
18 amendments thereto.

19 (c) Upon the student becoming eligible for the program, the parent of
20 such student may elect to participate in the program and transfer the
21 eligible student to a participating learning entity in accordance with the
22 provisions of section 5, and amendments thereto.

23 New Sec. 4. (a) The treasurer shall administer the Kansas hope
24 scholarship program, which is hereby established. The purpose of the
25 program is to provide options for the education of Kansas students.

26 (b) The treasurer shall establish a Kansas hope scholarship account
27 for each eligible student whose parent satisfies the requirements of this act.

28 (c) The treasurer shall maintain an explanation of the following
29 information on the treasurer's website and provide a hard copy of such
30 information to any person who requests it:

31 (1) The allowable uses of moneys in an account;

32 (2) the responsibilities of a parent of an eligible student participating
33 in the program;

34 (3) the effect of participation in the program by eligible students with
35 an individualized education program (IEP) or an education plan under
36 section 504 of the rehabilitation act of 1973, 29 U.S.C. § 794 (section 504
37 plan);

38 (4) the duties of the treasurer; and

39 (5) a list of qualified private schools.

40 New Sec. 5. (a) To establish an account, the parent of an eligible
41 student shall enter into a written agreement with the treasurer, in a manner
42 and on a form prescribed by the treasurer.

43 (b) The agreement between the parent of an eligible student and the

1 treasurer shall provide that:

2 (1) The eligible student shall transfer from the school the student was
3 attending when the incident was reported;

4 (2) the eligible student shall receive instruction from a participating
5 learning entity;

6 (3) the parent shall comply with all requirements and rules and
7 regulations of the program; and

8 (4) the money in the eligible student's account shall only be expended
9 as authorized by this program.

10 (c) Only one account may be established for each eligible student. A
11 parent acting on behalf of more than one eligible student shall have a
12 separate written agreement for each eligible student.

13 (d) A written agreement entered pursuant to this act shall have a term
14 of one year, but may be terminated early pursuant to subsection (e). Such
15 written agreement shall be executed on or before August 1 of the current
16 school year. Such written agreement may be renewed annually by August
17 1 upon the written consent of the parent and the treasurer in a manner
18 determined by the treasurer, except the parent may submit a request to the
19 treasurer for an extension of time for renewal not to exceed 30 days.
20 Failure to renew a written agreement does not preclude renewal of such
21 written agreement in a subsequent year. A written agreement that has been
22 terminated pursuant to subsection (e) shall not be renewed.

23 (e) (1) A written agreement may be terminated by the treasurer upon a
24 determination that:

25 (A) Money in an account has been used for purposes other than those
26 allowed by the program;

27 (B) the eligible student no longer satisfies the qualifications of an
28 "eligible student" as defined in section 2, and amendments thereto; or

29 (C) the eligible student enrolls in the public school the student was
30 attending when the incident was reported.

31 (2) A written agreement may be terminated by a parent at any time.
32 To terminate a written agreement, such parent shall notify the treasurer in
33 writing of such termination.

34 (3) When a written agreement is terminated, the account associated
35 with such agreement shall be deemed no longer active, and the treasurer
36 shall close the account in accordance with section 6, and amendments
37 thereto.

38 New Sec. 6. (a) (1) There is hereby established in the state treasury
39 the Kansas hope scholarship fund to be administered by the state treasurer.
40 Money in the Kansas hope scholarship fund shall be expended only for the
41 purposes established in this act. All moneys received pursuant to section 7,
42 and amendments thereto, shall be deposited in the state treasury in
43 accordance with the provisions of K.S.A. 75-4215, and amendments

1 thereto, and shall be credited to the Kansas hope scholarship fund.

2 (2) On or before the 10th of each month, the director of accounts and
3 reports shall transfer from the state general fund to the Kansas hope
4 scholarship fund interest earnings based on:

5 (A) The average daily balance of moneys in the Kansas hope
6 scholarship fund; and

7 (B) the net earnings rate of the pooled money investment portfolio for
8 the preceding month.

9 (b) Upon execution of an agreement in accordance with section 5, and
10 amendments thereto, the treasurer shall establish an account in the Kansas
11 hope scholarship fund in the state treasury in the name of the eligible
12 student. Upon establishment of such account, the treasurer shall notify the
13 resident school district of the establishment of such an account for the
14 eligible student.

15 (c) (1) The treasurer shall transfer to an eligible student's account in
16 the Kansas hope scholarship fund an aggregate annual amount equal to:

17 (A) 88% of the BASE aid if the eligible student is enrolled in any of
18 the grades one through five in the current school year;

19 (B) 92% of the BASE aid if the eligible student is enrolled in any of
20 the grades six through eight in the current school year; and

21 (C) 96% of the BASE aid if the eligible student is enrolled in any of
22 the grades nine through 12 in the current school year.

23 The treasurer shall make such transfers in quarterly installments
24 pursuant to a schedule determined by the treasurer.

25 (2) In addition to any amounts transferred to an eligible student's
26 account pursuant to paragraph (1), the treasurer shall transfer to an eligible
27 student's account an amount equal to the cost for transportation required
28 for the eligible student to travel to and from the participating learning
29 entity. Prior to any such transfer, the participating learning entity shall
30 certify the cost for such transportation. In no event shall the total of such
31 transfers exceed \$750 for the school year.

32 (d) The treasurer may deduct a percentage of the amount to be
33 transferred into an account as reimbursement for the administrative costs
34 of implementing the provisions of this act as follows:

35 (1) Up to 5% each year for the first two years money is transferred to
36 an eligible student's account under subsection (c); and

37 (2) up to 2.5% for the third year and for each subsequent year money
38 is transferred to an eligible student's account under subsection (c).

39 (e) No transfers shall be made to an eligible student's account after
40 such student has graduated from high school.

41 (f) (1) Each account shall remain active until:

42 (A) A written agreement is terminated pursuant to section 5, and
43 amendments thereto;

1 (B) July 30 following the date on which the eligible student graduates
2 from high school; or

3 (C) there are two consecutive years of nonrenewal of an agreement.

4 (2) When the treasurer determines an account is no longer active, the
5 treasurer shall close the account and certify the amount of funds remaining
6 in the account to the director of accounts and reports. Such certified
7 amount shall be transferred from the closed account to the Kansas hope
8 scholarship fund.

9 (g) The treasurer shall develop a system for payment of services by
10 participating parents by electronic funds transfer. However, such system
11 shall not require parents to be reimbursed for out-of-pocket expenses. All
12 transfers shall be only for expenditures approved by the treasurer. The
13 treasurer may contract with a third party for the purposes of this
14 subsection.

15 New Sec. 7. (a) The treasurer shall notify the state board of education
16 as to the names of the students participating in the program and the
17 resident school district of each such student.

18 (b) For school year 2019-2020, and each school year thereafter, an
19 eligible student shall be counted in the enrollment of such eligible student's
20 resident school district for the purposes of calculating the amount of the
21 state foundation aid per student for the school district. The state board
22 shall determine the amounts to be transferred to the Kansas hope
23 scholarship fund by multiplying an amount equal to the percentage of the
24 BASE aid as set forth in section 6(c), and amendments thereto, by the total
25 number of eligible students in such school district who are participating in
26 the program and who correspond to such percentage. The state board of
27 education shall certify the resulting products to the director of accounts
28 and reports. Upon receipt of such certification, the director shall transfer
29 such certified amounts from the state general fund to the Kansas hope
30 scholarship fund established in section 6, and amendments thereto.

31 (c) For school year 2019-2020 and each school year thereafter, the
32 state board shall deduct from the amount of state foundation aid for each
33 school district an amount equal to the amount certified under subsection
34 (b).

35 New Sec. 8. (a) Moneys in the eligible student's account may be
36 accessed by such eligible student's parent, but shall only be expended by
37 such parent for the following purposes:

- 38 (1) Payment to a unified school district;
- 39 (2) tuition and fees charged by qualified private school;
- 40 (3) textbooks and other supplies required by a qualified private
41 school; and
- 42 (4) fees for transportation provided by a participating learning entity
43 required for the eligible student to travel to and from a participating

1 learning entity.

2 (b) If the eligible student transfers to an elementary or secondary
3 school operated by a school district, then the amount transferred pursuant
4 to section 6(c)(1), and amendments thereto, shall be paid by the parent to
5 the school district operating such elementary or secondary school. Upon
6 receipt of such payment, the school district shall deposit the entire amount
7 in the general fund of the school district.

8 (c) The treasurer shall notify the parent of any expenditures from an
9 eligible student's account that do not meet the requirements of subsection
10 (a). Such parent shall repay the cost of any such expenditures within 30
11 days of notification by the treasurer.

12 (d) Except as provided in section 6(f), and amendments thereto, funds
13 remaining in an account at the end of a school year shall roll over to the
14 next succeeding school year.

15 (e) A participating learning entity providing education services
16 purchased with funds from an account shall not share, refund or rebate any
17 portion of such funds to the parent or eligible student. Any such refund or
18 rebate shall be made directly into the eligible student's account.

19 (f) No personal deposits may be made into an account.

20 (g) (1) The treasurer shall conduct or contract to conduct annual
21 audits of Kansas hope scholarship accounts to ensure compliance with the
22 provisions of this act. The treasurer shall also conduct or contract to
23 conduct random and quarterly audits of Kansas hope scholarship accounts,
24 as needed, to ensure compliance with this act.

25 (2) If the treasurer determines money in an account has been used for
26 purposes other than those allowed by subsection (a), the treasurer may:

27 (A) Prohibit expenditures from the account until such time as
28 determined by the treasurer;

29 (B) prorate amounts to be deposited in such account under section 6,
30 and amendments thereto, by an amount equal to the total amount used for
31 purposes other than those allowed by subsection (a); or

32 (C) terminate the account.

33 New Sec. 9. (a) To become a qualified private school, an applicant
34 shall submit an application to the treasurer on a form and in a manner
35 prescribed by the treasurer. Such application shall include proof that the
36 applicant is an accredited nonpublic school registered with the state board
37 of education pursuant to K.S.A. 72-4346, and amendments thereto, that
38 provides instruction in at least those subjects required by K.S.A. 72-3214,
39 72-3217 and 72-3235, and amendments thereto.

40 (b) The treasurer shall approve an application or request additional
41 information, as necessary, to prove an applicant meets the criteria to be
42 deemed a qualified private school within 45 days of receiving the
43 application. If the applicant is unable to provide such additional

1 information, the treasurer may deny the application.

2 (c) The treasurer shall conduct or contract to conduct an audit of a
3 qualified private school, selected at random each year, to determine
4 whether the qualified private school is compliant with the requirements of
5 subsection (a).

6 (d) (1) The treasurer may revoke a qualified private school's approval
7 if the treasurer determines the qualified private school:

8 (A) Has routinely failed to comply with the provisions of this act or
9 applicable rules and regulations; or

10 (B) has failed to provide any educational services required by law to
11 an eligible student receiving instruction from the school, if the school is
12 accepting payments made from such student's account.

13 (2) Prior to revoking a qualified private school's approval, the
14 treasurer shall notify such school of impending revocation and the reason
15 for such revocation. The qualified private school shall have 30 days from
16 the time it was notified to cure the matter identified in the notice. If the
17 qualified private school fails to cure such matter within 30 days, such
18 school's approval shall be revoked. A qualified private school whose
19 approval has been revoked shall not be allowed to participate in the
20 program until such time the treasurer determines such school is in
21 compliance with the requirements of this act.

22 (3) If the treasurer revokes a qualified private school's approval, the
23 treasurer shall immediately notify each parent of an eligible student
24 participating in the program and receiving instruction from such school.

25 (e) The treasurer may notify the attorney general or the district
26 attorney of the county where the qualified private school is located, if a
27 qualified private school's approval was revoked because of misuse of
28 money paid from an account.

29 New Sec. 10. Enrollment of an eligible student in a qualified private
30 school shall be considered a parental placement of such student under the
31 individuals with disabilities education act, 20 U.S.C. § 1400 et seq.

32 New Sec. 11. The provisions of this act shall be subject to the Kansas
33 administrative procedure act.

34 New Sec. 12. On or before January 1, 2020, the treasurer shall adopt
35 rules and regulations necessary to carry out the provisions of this act.

36 New Sec. 13. Nothing in this act shall be deemed to limit the
37 independence or autonomy of a qualified private school or to make the
38 actions of a qualified private school the actions of the state government.

39 Sec. 14. K.S.A. 2018 Supp. 79-32,117 is hereby amended to read as
40 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
41 means such individual's federal adjusted gross income for the taxable year,
42 with the modifications specified in this section.

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

1 (i) Interest income less any related expenses directly incurred in the
2 purchase of state or political subdivision obligations, to the extent that the
3 same is not included in federal adjusted gross income, on obligations of
4 any state or political subdivision thereof, but to the extent that interest
5 income on obligations of this state or a political subdivision thereof issued
6 prior to January 1, 1988, is specifically exempt from income tax under the
7 laws of this state authorizing the issuance of such obligations, it shall be
8 excluded from computation of Kansas adjusted gross income whether or
9 not included in federal adjusted gross income. Interest income on
10 obligations of this state or a political subdivision thereof issued after
11 December 31, 1987, shall be excluded from computation of Kansas
12 adjusted gross income whether or not included in federal adjusted gross
13 income.

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

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

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

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

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

4 (vii) The amount of any charitable contribution made to the extent the
5 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
6 32,196, and amendments thereto.

7 (viii) The amount of any costs incurred for improvements to a swine
8 facility, claimed for deduction in determining federal adjusted gross
9 income, to the extent the same is claimed as the basis for any credit
10 allowed pursuant to K.S.A. 2018 Supp. 79-32,204, and amendments
11 thereto.

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

18 (x) Amounts received as nonqualified withdrawals, as defined by
19 K.S.A. 2018 Supp. 75-643, and amendments thereto, if, at the time of
20 contribution to a family postsecondary education savings account, such
21 amounts were subtracted from the federal adjusted gross income pursuant
22 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts
23 are not already included in the federal adjusted gross income.

24 (xi) The amount of any contribution made to the same extent the
25 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
26 50,154, and amendments thereto.

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

34 (xiii) The amount of any expenditures claimed for deduction in
35 determining federal adjusted gross income, to the extent the same is
36 claimed as the basis for any credit allowed pursuant to K.S.A. 2018 Supp.
37 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

38 (xiv) The amount of any amortization deduction claimed in
39 determining federal adjusted gross income to the extent the same is
40 claimed for deduction pursuant to K.S.A. 2018 Supp. 79-32,221, and
41 amendments thereto.

42 (xv) The amount of any expenditures claimed for deduction in
43 determining federal adjusted gross income, to the extent the same is

1 claimed as the basis for any credit allowed pursuant to K.S.A. 2018 Supp.
2 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
3 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
4 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

5 (xvi) 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. 2018 Supp. 79-32,227, 79-
8 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
9 thereto.

10 (xvii) The amount of any amortization deduction claimed in
11 determining federal adjusted gross income to the extent the same is
12 claimed for deduction pursuant to K.S.A. 2018 Supp. 79-32,256, and
13 amendments thereto.

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

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

42 (xx) For taxable years beginning after December 31, 2012, and
43 ending before January 1, 2017, the amount of any deduction for self-

1 employment taxes under section 164(f) of the federal internal revenue
2 code as in effect on January 1, 2012, and amendments thereto, in
3 determining the federal adjusted gross income of an individual taxpayer, to
4 the extent the deduction is attributable to income reported on schedule C,
5 E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income
6 tax return.

7 (xxi) For taxable years beginning after December 31, 2012, and
8 ending before January 1, 2017, the amount of any deduction for pension,
9 profit sharing, and annuity plans of self-employed individuals under
10 section 62(a)(6) of the federal internal revenue code as in effect on January
11 1, 2012, and amendments thereto, in determining the federal adjusted gross
12 income of an individual taxpayer.

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

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

23 (xxiv) For taxable years commencing after December 31, 2013, that
24 portion of the amount of any expenditure deduction claimed in
25 determining federal adjusted gross income for expenses paid for medical
26 care of the taxpayer or the taxpayer's spouse or dependents when such
27 expenses were paid or incurred for an abortion, or for a health benefit plan,
28 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
29 an optional rider for coverage of abortion in accordance with K.S.A. 2018
30 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and
31 assessments are claimed as an itemized deduction for federal income tax
32 purposes.

33 (xxv) For taxable years commencing after December 31, 2013, that
34 portion of the amount of any expenditure deduction claimed in
35 determining federal adjusted gross income for expenses paid by a taxpayer
36 for health care when such expenses were paid or incurred for abortion
37 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
38 amendments thereto, when such expenses were paid or incurred for
39 abortion coverage or amounts contributed to health savings accounts for
40 such taxpayer's employees for the purchase of an optional rider for
41 coverage of abortion in accordance with K.S.A. 2018 Supp. 40-2,190, and
42 amendments thereto, to the extent that such taxes and assessments are
43 claimed as a deduction for federal income tax purposes.

1 (xxvi) For all taxable years beginning after December 31, 2016, the
2 amount of any charitable contribution made to the extent the same is
3 claimed as the basis for the credit allowed pursuant to K.S.A. ~~72-99a07~~
4 ~~72-4357~~, and amendments thereto, and is also claimed as an itemized
5 deduction for federal income tax purposes.

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

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

13 (ii) Any amounts received ~~which that~~ are included in federal adjusted
14 gross income but which are specifically exempt from Kansas income
15 taxation under the laws of the state of Kansas.

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

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

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

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

38 (vii) Amounts received as annuities under the federal civil service
39 retirement system from the civil service retirement and disability fund and
40 other amounts received as retirement benefits in whatever form ~~which that~~
41 were earned for being employed by the federal government or for service
42 in the armed forces of the United States.

43 (viii) Amounts received by retired railroad employees as a

1 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
2 228c (a)(1) et seq.

3 (ix) Amounts received by retired employees of a city and by retired
4 employees of any board of such city as retirement allowances pursuant to
5 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
6 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
7 amendments thereto.

8 (x) For taxable years beginning after December 31, 1976, the amount
9 of the federal tentative jobs tax credit disallowance under the provisions of
10 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the
11 amount of the targeted jobs tax credit and work incentive credit
12 disallowances under 26 U.S.C. § 280 C.

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

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

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

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

37 (xv) For all taxable years beginning after December 31, 2006,
38 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
39 joint return, for each designated beneficiary ~~which~~ *that* are contributed to a
40 family postsecondary education savings account established under the
41 Kansas postsecondary education savings program or a qualified tuition
42 program established and maintained by another state or agency or
43 instrumentality thereof pursuant to section 529 of the internal revenue

1 code of 1986, as amended, for the purpose of paying the qualified higher
2 education expenses of a designated beneficiary at an institution of
3 postsecondary education. The terms and phrases used in this paragraph
4 shall have the meaning respectively ascribed thereto by the provisions of
5 K.S.A. 2018 Supp. 75-643, and amendments thereto, and the provisions of
6 such section are hereby incorporated by reference for all purposes thereof.

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

17 (xvii) For all taxable years beginning after December 31, 2004,
18 amounts received by taxpayers who are eligible members of the Kansas
19 army and air national guard as a reimbursement pursuant to K.S.A. 48-
20 281, and amendments thereto, and amounts received for death benefits
21 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
22 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
23 amendments thereto, to the extent that such death benefits are included in
24 federal adjusted gross income of the taxpayer.

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

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

38 (xx) For taxable years beginning after December 31, 2012, and
39 ending before January 1, 2017, the amount of any: (1) Net profit from
40 business as determined under the federal internal revenue code and
41 reported from schedule C and on line 12 of the taxpayer's form 1040
42 federal individual income tax return; (2) net income, not including
43 guaranteed payments as defined in section 707(c) of the federal internal

1 revenue code and as reported to the taxpayer from federal schedule K-1,
2 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
3 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
4 partnerships, S corporations, estates, trusts, residual interest in real estate
5 mortgage investment conduits and net farm rental as determined under the
6 federal internal revenue code and reported from schedule E and on line 17
7 of the taxpayer's form 1040 federal individual income tax return; and (3)
8 net farm profit as determined under the federal internal revenue code and
9 reported from schedule F and on line 18 of the taxpayer's form 1040
10 federal income tax return; all to the extent included in the taxpayer's
11 federal adjusted gross income. For purposes of this subsection, references
12 to the federal form 1040 and federal schedule C, schedule E, and schedule
13 F, shall be to such form and schedules as they existed for tax year 2011
14 and as revised thereafter by the internal revenue service.

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

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

43 (xxiii) For all taxable years beginning after December 31, 2012,

1 amounts received under either the Overland Park, Kansas police
2 department retirement plan or the Overland Park, Kansas fire department
3 retirement plan, both as established by the city of Overland Park, pursuant
4 to the city's home rule authority.

5 (xxiv) For taxable years beginning after December 31, 2013, and
6 ending before January 1, 2017, the net gain from the sale from Christmas
7 trees grown in Kansas and held by the taxpayer for six years or more.

8 (xxv) *For all taxable years beginning after December 31, 2018,*
9 *amounts deposited in a Kansas hope scholarship account established by*
10 *agreement between the taxpayer and the state treasurer pursuant to*
11 *section 5, and amendments thereto.*

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

16 (e) The amount of modifications required to be made under this
17 section by a partner ~~which~~ *that* relates to items of income, gain, loss,
18 deduction or credit of a partnership shall be determined under K.S.A. 79-
19 32,131, and amendments thereto, to the extent that such items affect
20 federal adjusted gross income of the partner.

21 (f) No taxpayer shall be assessed penalties and interest from the
22 underpayment of taxes due to changes to this section that became law on
23 July 1, 2017, so long as such underpayment is rectified on or before April
24 17, 2018.

25 Sec. 15. K.S.A. 2018 Supp. 79-32,117 is hereby repealed.

26 Sec. 16. This act shall take effect and be in force from and after its
27 publication in the statute book.