

SENATE BILL No. 33

By Committee on Assessment and Taxation

1-12

1 AN ACT concerning income taxation; relating to Kansas adjusted gross
2 income; eliminating the income limitation to receive the subtraction
3 modification exempting social security benefits; *{providing a*
4 *subtraction modification for amounts received from retirement plans;*
5 *relating to deductions; increasing the Kansas standard deduction by*
6 *a cost-of-living adjustment; relating to homestead property tax*
7 *refund claims; excluding social security payments from household*
8 *income for eligibility of seniors and disabled veterans related to*
9 *increased property tax claims; increasing the appraised value*
10 *threshold for eligibility; providing a subtraction modification to*
11 *permit the carry forward of certain net operating losses for*
12 *individuals; providing a subtraction modification for the federal work*
13 *opportunity tax credit and the employee retention credit*
14 *disallowances;}* amending K.S.A. 2022 Supp. 79-32,117, *79-32,119*
15 *and 79-4508a}* and repealing the existing ~~section~~ *{sections}*.
16

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

18 Section 1. K.S.A. 2022 Supp. 79-32,117 is hereby amended to read as
19 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
20 means such individual's federal adjusted gross income for the taxable year,
21 with the modifications specified in this section.

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

23 (i) Interest income less any related expenses directly incurred in the
24 purchase of state or political subdivision obligations, to the extent that the
25 same is not included in federal adjusted gross income, on obligations of
26 any state or political subdivision thereof, but to the extent that interest
27 income on obligations of this state or a political subdivision thereof issued
28 prior to January 1, 1988, is specifically exempt from income tax under the
29 laws of this state authorizing the issuance of such obligations, it shall be
30 excluded from computation of Kansas adjusted gross income whether or
31 not included in federal adjusted gross income. Interest income on
32 obligations of this state or a political subdivision thereof issued after
33 December 31, 1987, shall be excluded from computation of Kansas
34 adjusted gross income whether or not included in federal adjusted gross
35 income.

36 (ii) Taxes on or measured by income or fees or payments in lieu of

1 income taxes imposed by this state or any other taxing jurisdiction to the
2 extent deductible in determining federal adjusted gross income and not
3 credited against federal income tax. This paragraph shall not apply to taxes
4 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
5 amendments thereto, for privilege tax year 1995, and all such years
6 thereafter.

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

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

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

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

33 (vii) The amount of any charitable contribution made to the extent the
34 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
35 32,196, and amendments thereto.

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

40 (ix) The amount of any ad valorem taxes and assessments paid and
41 the amount of any costs incurred for habitat management or construction
42 and maintenance of improvements on real property, claimed for deduction
43 in 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. 79-32,203,
2 and amendments thereto.

3 (x) Amounts received as nonqualified withdrawals, as defined by
4 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
5 family postsecondary education savings account, such amounts were
6 subtracted from the federal adjusted gross income pursuant to ~~K.S.A. 79-~~
7 ~~32,117(e)(xv), and amendments thereto~~ subsection (c)(xv), or if such
8 amounts are not already included in the federal adjusted gross income.

9 (xi) The amount of any contribution made to the same extent the
10 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
11 50,154, and amendments thereto.

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

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

23 (xiv) The amount of any amortization deduction claimed in
24 determining federal adjusted gross income to the extent the same is
25 claimed for deduction pursuant to K.S.A. 79-32,221, and amendments
26 thereto.

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

33 (xvi) 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. 79-32,227, 79-32,232, 79-
36 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

37 (xvii) The amount of any amortization deduction claimed in
38 determining federal adjusted gross income to the extent the same is
39 claimed for deduction pursuant to K.S.A. 79-32,256, and amendments
40 thereto.

41 (xviii) For taxable years commencing after December 31, 2006, the
42 amount of any ad valorem or property taxes and assessments paid to a state
43 other than Kansas or local government located in a state other than Kansas

1 by a taxpayer who resides in a state other than Kansas, when the law of
2 such state does not allow a resident of Kansas who earns income in such
3 other state to claim a deduction for ad valorem or property taxes or
4 assessments paid to a political subdivision of the state of Kansas in
5 determining taxable income for income tax purposes in such other state, to
6 the extent that such taxes and assessments are claimed as an itemized
7 deduction for federal income tax purposes.

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

26 (xx) For taxable years beginning after December 31, 2012, and
27 ending before January 1, 2017, the amount of any deduction for self-
28 employment taxes under section 164(f) of the federal internal revenue
29 code as in effect on January 1, 2012, and amendments thereto, in
30 determining the federal adjusted gross income of an individual taxpayer, to
31 the extent the deduction is attributable to income reported on schedule C,
32 E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income
33 tax return.

34 (xxi) For taxable years beginning after December 31, 2012, and
35 ending before January 1, 2017, the amount of any deduction for pension,
36 profit sharing, and annuity plans of self-employed individuals under
37 section 62(a)(6) of the federal internal revenue code as in effect on January
38 1, 2012, and amendments thereto, in determining the federal adjusted gross
39 income of an individual taxpayer.

40 (xxii) For taxable years beginning after December 31, 2012, and
41 ending before January 1, 2017, the amount of any deduction for health
42 insurance under section 162(l) of the federal internal revenue code as in
43 effect on January 1, 2012, and amendments thereto, in determining the

1 federal adjusted gross income of an individual taxpayer.

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

7 (xxiv) For taxable years commencing after December 31, 2013, that
8 portion of the amount of any expenditure deduction claimed in
9 determining federal adjusted gross income for expenses paid for medical
10 care of the taxpayer or the taxpayer's spouse or dependents when such
11 expenses were paid or incurred for an abortion, or for a health benefit plan,
12 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
13 an optional rider for coverage of abortion in accordance with K.S.A. 40-
14 2,190, and amendments thereto, to the extent that such taxes and
15 assessments are claimed as an itemized deduction for federal income tax
16 purposes.

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

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

33 (xxvii) For all taxable years commencing after December 31, 2020,
34 the amount deducted by reason of a carryforward of disallowed business
35 interest pursuant to section 163(j) of the federal internal revenue code of
36 1986, as in effect on January 1, 2018.

37 (xxviii) For all taxable years beginning after December 31, 2021, the
38 amount of any contributions to, or earnings from, a first-time home buyer
39 savings account if distributions from the account were not used to pay for
40 expenses or transactions authorized pursuant to K.S.A. 2022 Supp. 58-
41 4904, and amendments thereto, or were not held for the minimum length
42 of time required pursuant to K.S.A. 2022 Supp. 58-4904, and amendments
43 thereto. Contributions to, or earnings from, such account shall also include

1 any amount resulting from the account holder not designating a surviving
2 transfer on death beneficiary pursuant to K.S.A. 2022 Supp. 58-4904(e),
3 and amendments thereto.

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

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

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

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

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

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

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

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

41 (viii) Amounts received by retired railroad employees as a
42 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
43 228c(a)(1) et seq.

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

6 (x) For taxable years beginning after December 31, 1976, the amount
7 of the federal tentative jobs tax credit disallowance under the provisions of
8 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
9 amount of the targeted jobs tax credit and work incentive credit, *work*
10 *opportunity tax credit and similar* disallowances under 26 U.S.C. §
11 280C. *{For taxable years beginning after December 31, 2019, the*
12 *provisions of this paragraph shall also apply to the employee retention*
13 *credit disallowance. The subtraction modifications provided by this*
14 *paragraph for the work opportunity tax credit and the employee*
15 *retention credit disallowances shall be limited to 25% of the amount of*
16 *such disallowances.*}

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

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

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

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

41 (xv) For all taxable years beginning after December 31, 2017, the
42 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
43 filing a joint return, for each designated beneficiary that are contributed to:

1 (1) A family postsecondary education savings account established under
2 the Kansas postsecondary education savings program or a qualified tuition
3 program established and maintained by another state or agency or
4 instrumentality thereof pursuant to section 529 of the internal revenue
5 code of 1986, as amended, for the purpose of paying the qualified higher
6 education expenses of a designated beneficiary; or (2) an achieving a
7 better life experience (ABLE) account established under the Kansas ABLE
8 savings program or a qualified ABLE program established and maintained
9 by another state or agency or instrumentality thereof pursuant to section
10 529A of the internal revenue code of 1986, as amended, for the purpose of
11 saving private funds to support an individual with a disability. The terms
12 and phrases used in this paragraph shall have the meaning respectively
13 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
14 amendments thereto, and the provisions of such sections are hereby
15 incorporated by reference for all purposes thereof.

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

26 (xvii) For all taxable years beginning after December 31, 2004,
27 amounts received by taxpayers who are eligible members of the Kansas
28 army and air national guard as a reimbursement pursuant to K.S.A. 48-
29 281, and amendments thereto, and amounts received for death benefits
30 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
31 such death benefits are included in federal adjusted gross income of the
32 taxpayer.

33 ~~(xviii) For the taxable year beginning after December 31, 2006,~~
34 ~~amounts received as benefits under the federal social security act which~~
35 ~~are included in federal adjusted gross income of a taxpayer with federal~~
36 ~~adjusted gross income of \$50,000 or less, whether such taxpayer's filing~~
37 ~~status is single, head of household, married filing separate or married filing~~
38 ~~jointly; and (1) For all taxable years beginning after December 31, 2007,~~
39 ~~and ending before January 1, 2023,~~ amounts received as benefits under the
40 federal social security act which are included in federal adjusted gross
41 income of a taxpayer with federal adjusted gross income of \$75,000 or
42 less, whether such taxpayer's filing status is single, head of household,
43 married filing separate or married filing jointly; and (2) for all taxable

1 *years beginning after December 31, 2022, amounts received as benefits*
2 *under the federal social security act that are included in federal adjusted*
3 *gross income of a taxpayer.*

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

6 (xx) For taxable years beginning after December 31, 2012, and
7 ending before January 1, 2017, the amount of any: (1) Net profit from
8 business as determined under the federal internal revenue code and
9 reported from schedule C and on line 12 of the taxpayer's form 1040
10 federal individual income tax return; (2) net income, not including
11 guaranteed payments as defined in section 707(c) of the federal internal
12 revenue code and as reported to the taxpayer from federal schedule K-1,
13 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
14 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
15 partnerships, S corporations, estates, trusts, residual interest in real estate
16 mortgage investment conduits and net farm rental as determined under the
17 federal internal revenue code and reported from schedule E and on line 17
18 of the taxpayer's form 1040 federal individual income tax return; and (3)
19 net farm profit as determined under the federal internal revenue code and
20 reported from schedule F and on line 18 of the taxpayer's form 1040
21 federal income tax return; all to the extent included in the taxpayer's
22 federal adjusted gross income. For purposes of this subsection, references
23 to the federal form 1040 and federal schedule C, schedule E, and schedule
24 F, shall be to such form and schedules as they existed for tax year 2011
25 and as revised thereafter by the internal revenue service.

26 (xxi) For all taxable years beginning after December 31, 2013,
27 amounts equal to the unreimbursed travel, lodging and medical
28 expenditures directly incurred by a taxpayer while living, or a dependent
29 of the taxpayer while living, for the donation of one or more human organs
30 of the taxpayer, or a dependent of the taxpayer, to another person for
31 human organ transplantation. The expenses may be claimed as a
32 subtraction modification provided for in this section to the extent the
33 expenses are not already subtracted from the taxpayer's federal adjusted
34 gross income. In no circumstances shall the subtraction modification
35 provided for in this section for any individual, or a dependent, exceed
36 \$5,000. As used in this section, "human organ" means all or part of a liver,
37 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
38 paragraph shall take effect on the day the secretary of revenue certifies to
39 the director of the budget that the cost for the department of revenue of
40 modifications to the automated tax system for the purpose of
41 implementing this paragraph will not exceed \$20,000.

42 (xxii) For taxable years beginning after December 31, 2012, and
43 ending before January 1, 2017, the amount of net gain from the sale of: (1)

1 Cattle and horses, regardless of age, held by the taxpayer for draft,
2 breeding, dairy or sporting purposes, and held by such taxpayer for 24
3 months or more from the date of acquisition; and (2) other livestock,
4 regardless of age, held by the taxpayer for draft, breeding, dairy or
5 sporting purposes, and held by such taxpayer for 12 months or more from
6 the date of acquisition. The subtraction from federal adjusted gross income
7 shall be limited to the amount of the additions recognized under the
8 provisions of subsection (b)(xix) attributable to the business in which the
9 livestock sold had been used. As used in this paragraph, the term
10 "livestock" shall not include poultry.

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

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

19 (xxv) For all taxable years commencing after December 31, 2020,
20 100% of global intangible low-taxed income under section 951A of the
21 federal internal revenue code of 1986, before any deductions allowed
22 under section 250(a)(1)(B) of such code.

23 (xxvi) For all taxable years commencing after December 31, 2020,
24 the amount disallowed as a deduction pursuant to section 163(j) of the
25 federal internal revenue code of 1986, as in effect on January 1, 2018.

26 (xxvii) For taxable years commencing after December 31, 2020, the
27 amount disallowed as a deduction pursuant to section 274 of the federal
28 internal revenue code of 1986 for meal expenditures shall be allowed to
29 the extent such expense was deductible for determining federal income tax
30 and was allowed and in effect on December 31, 2017.

31 (xxviii) For all taxable years beginning after December 31, 2021: (1)
32 The amount contributed to a first-time home buyer savings account
33 pursuant to K.S.A. 2022 Supp. 58-4903, and amendments thereto, in an
34 amount not to exceed \$3,000 for an individual or \$6,000 for a married
35 couple filing a joint return; or (2) amounts received as income earned from
36 assets in a first-time home buyer savings account.

37 ***{(xxix) For all taxable years beginning after December 31, 2023,***
38 ***amounts received by retired individuals under all retirement plans to the***
39 ***extent included in federal adjusted gross income.***

40 ***(xxx) For taxable years beginning after December 31, 2017, for an***
41 ***individual taxpayer who carried back federal net operating losses arising***
42 ***in a taxable year beginning after December 31, 2017, and before***
43 ***January 1, 2021, pursuant to section 172(b)(1) of the federal internal***

1 *revenue code as amended by the coronavirus aid, relief, and economic*
2 *security act (CARES act), the amount of such federal net operating loss*
3 *carryback for each applicable year. If the amount of such federal net*
4 *operating loss carryback exceeds the taxpayer's Kansas adjusted gross*
5 *income for such taxable year, the amount thereof that exceeds such*
6 *Kansas adjusted gross income may be carried forward as a subtraction*
7 *modification in the following taxable year or years until the total*
8 *amount of such federal net operating loss carryback has been deducted,*
9 *except that no such unused amount shall be carried forward for*
10 *deduction as a subtraction modification after the 20th taxable year*
11 *following the taxable year of the net operating loss. Notwithstanding any*
12 *other provision of law to the contrary, an extension of time shall be*
13 *allowed for a claim for refund or amended return for tax years 2018,*
14 *2019 or 2020 limited to the application of the provisions of this*
15 *paragraph and such claim for refund or amended return must be filed*
16 *on or before April 15, 2025.}*

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

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

26 (f) No taxpayer shall be assessed penalties and interest from the
27 underpayment of taxes due to changes to this section that became law on
28 July 1, 2017, so long as such underpayment is rectified on or before April
29 17, 2018.

30 *{Sec. 2. K.S.A. 2022 Supp. 79-32,119 is hereby amended to read as*
31 *follows: 79-32,119. (a) The Kansas standard deduction of an individual,*
32 *including a husband and wife who are either both residents or who file a*
33 *joint return as if both were residents, shall be equal to the sum of the*
34 *standard deduction amount allowed pursuant to this section, and the*
35 *additional standard deduction amount allowed pursuant to this section*
36 *for each such deduction allowable to such individual or to such husband*
37 *and wife under the federal internal revenue code.*

38 (b) *For tax year 1998, and all tax years thereafter, the additional*
39 *standard deduction amount shall be as follows: Single individual and*
40 *head of household filing status, \$850; and married filing status, \$700.*

41 (c) (1) *For tax year 2013 through tax year 2020, the standard*
42 *deduction amount of an individual, including husband and wife who are*
43 *either both residents or who file a joint return as if both were residents,*

1 *shall be as follows: Single individual filing status, \$3,000; married filing*
2 *status, \$7,500; and head of household filing status, \$5,500.*

3 (2) (A) *For tax year 2021, and all tax years thereafter, the standard*
4 *deduction amount of an individual, including husband and wife who are*
5 *either both residents or who file a joint return as if both were residents,*
6 *shall be as follows: Single individual filing status, \$3,500; married filing*
7 *status, \$8,000; and head of household filing status, \$6,000.*

8 (B) *In the case of tax year 2023, and all tax years thereafter, the*
9 *amounts prescribed in this paragraph shall be increased by an amount*
10 *equal to such amount multiplied by the cost-of-living adjustment*
11 *determined under section 1(f)(3) of the federal internal revenue code for*
12 *the calendar year in which the taxable year commences.*

13 (d) *For purposes of this section, the federal standard deduction*
14 *allowable to a husband and wife filing separate Kansas income tax*
15 *returns shall be determined on the basis that separate federal returns*
16 *were filed, and the federal standard deduction of a husband and wife*
17 *filing a joint Kansas income tax return shall be determined on the basis*
18 *that a joint federal income tax return was filed.*

19 *Sec. 3. K.S.A. 2022 Supp. 79-4508a is hereby amended to read as*
20 *follows: 79-4508a. (a) For tax year 2022, and all tax years thereafter, the*
21 *amount of any claim pursuant to this section shall be computed by*
22 *deducting the claimant's base year ad valorem tax amount for the*
23 *homestead from the claimant's homestead ad valorem tax amount for*
24 *the tax year for which the refund is sought.*

25 (b) *As used in this section:*

26 (1) *"Base year" means the year in which an individual becomes an*
27 *eligible claimant and who is also eligible for a claim for refund pursuant*
28 *to this section. For any individual who would otherwise be an eligible*
29 *claimant prior to 2021, such base year shall be deemed to be 2021 for*
30 *the purposes of this act.*

31 (2) *"Claimant" means a person who has filed a claim under the*
32 *provisions of this act and was, during the entire calendar year preceding*
33 *the year in which such claim was filed for refund under this act, except*
34 *as provided in K.S.A. 79-4503, and amendments thereto, both domiciled*
35 *in this state and was: (A) A person who is 65 years of age or older; or (B)*
36 *a disabled veteran. The surviving spouse of a person 65 years of age or*
37 *older or a disabled veteran who was receiving benefits pursuant to this*
38 *section at the time of the claimant's death shall be eligible to continue to*
39 *receive benefits until such time the surviving spouse remarries.*

40 (3) *"Household income" means all income as defined in K.S.A. 79-*
41 *4502(a), and amendments thereto, excluding all payments received under*
42 *the federal social security act received by persons of a household in a*
43 *calendar year while members of such household.*

1 (c) *A claimant shall only be eligible for a claim for refund under*
2 *this section if:*

3 (1) *The claimant's household income for the year in which the*
4 *claim is filed is \$50,000 or less; and*

5 (2) *the appraised value of the claimant's homestead for the base*
6 *year is ~~\$350,000~~ \$595,000 or less.*

7 *The provisions of K.S.A. 79-4522, and amendments thereto, shall not*
8 *apply to a claim pursuant to this section. In the case of all tax years*
9 *commencing after December 31, 2022, the upper limit household income*
10 *threshold amount prescribed in this subsection shall be increased by an*
11 *amount equal to such threshold amount multiplied by the cost-of-living*
12 *adjustment determined under section 1(f)(3) of the federal internal*
13 *revenue code for the calendar year in which the taxable year*
14 *commences. In the case of all base years commencing after December 31,*
15 *2021, the upper limit appraised value threshold amount prescribed in this*
16 *subsection shall be increased each year to reflect the average percentage*
17 *change in statewide residential valuation of existing residential real*
18 *property for the preceding 10 years.*

19 (d) *A taxpayer shall not be eligible for a homestead property tax*
20 *refund claim pursuant to this section if such taxpayer has received for*
21 *such property for such tax year either: (1) A homestead property tax*
22 *refund pursuant to K.S.A. 79-4508, and amendments thereto; or (2) the*
23 *selective assistance for effective senior relief (SAFESR) credit pursuant*
24 *to K.S.A. 79-32,263, and amendments thereto.*

25 (e) *The amount of any claim shall be computed to the nearest \$1.*

26 (f) *The household income and appraised value amendments made to*
27 *this section by this act shall apply retroactively, and the deadline to file*
28 *claims for tax year 2022 shall be extended to on or before April 15, 2024.*

29 (g) *The provisions of this section shall be a part of and*
30 *supplemental to the homestead property tax refund act.*

31 ~~Sec. 2. {4.} K.S.A. 2022 Supp. 79-32,117 is {, 79-32,119 and 79-4508a~~
32 ~~are} hereby repealed.~~

33 ~~Sec. 3. {5.} This act shall take effect and be in force from and after its~~
34 ~~publication in the statute book.~~