

**HOUSE BILL No. 2385**

By Committee on Taxation

3-9

1 AN ACT concerning income taxation; relating to rates and determination  
2 of Kansas adjusted gross income; amending K.S.A. 2016 Supp. 79-  
3 32,110 and 79-32,117 and repealing the existing sections; also  
4 repealing K.S.A. 2016 Supp. 79-32,269.

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

7 Section 1. K.S.A. 2016 Supp. 79-32,110 is hereby amended to read as  
8 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided  
9 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed  
10 upon the Kansas taxable income of every resident individual, which tax  
11 shall be computed in accordance with the following tax schedules:

12 (1) *Married individuals filing joint returns*.

13 (A) For tax year 2012:

If the taxable income is:	The tax is:
14 Not over \$30,000.....	3.5% of Kansas taxable income
15 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess 16 over \$30,000
17 Over \$60,000.....	\$2,925 plus 6.45% of excess 18 over \$60,000

19  
20 (B) For tax year 2013:

If the taxable income is:	The tax is:
21 Not over \$30,000.....	3.0% of Kansas taxable income
22 Over \$30,000.....	\$900 plus 4.9% of excess over 23 \$30,000

24  
25 (C) For tax year 2014:

If the taxable income is:	The tax is:
26 Not over \$30,000.....	2.7% of Kansas taxable income
27 Over \$30,000.....	\$810 plus 4.8% of excess over 28 \$30,000

29  
30 (D) For tax years 2015, 2016 and 2017:

If the taxable income is:	The tax is:
31 Not over \$30,000.....	2.7% of Kansas taxable income
32 Over \$30,000.....	\$810 plus 4.6% of excess over 33 \$30,000

34  
35 ~~(E) For tax year 2018, and all tax years thereafter:~~

36 ~~If the taxable income is: The tax is:~~

1 Not over \$30,000.....2.6% of Kansas taxable income  
 2 Over \$30,000.....\$780 plus 4.6% of excess over  
 3 \$30,000

4 (2) *All other individuals.*

5 (A) For tax year 2012:

6 If the taxable income is: The tax is:  
 7 Not over \$15,000.....3.5% of Kansas taxable income  
 8 Over \$15,000 but not over \$30,000.....\$525 plus 6.25% of excess  
 9 over \$15,000  
 10 Over \$30,000.....\$1,462.50 plus 6.45% of excess  
 11 over \$30,000

12 (B) For tax year 2013:

13 If the taxable income is: The tax is:  
 14 Not over \$15,000.....3.0% of Kansas taxable income  
 15 Over \$15,000.....\$450 plus 4.9% of excess over  
 16 \$15,000

17 (C) For tax year 2014:

18 If the taxable income is: The tax is:  
 19 Not over \$15,000.....2.7% of Kansas taxable income  
 20 Over \$15,000.....\$405 plus 4.8% of excess over  
 21 \$15,000

22 (D) For tax years 2015, 2016 and 2017:

23 If the taxable income is: The tax is:  
 24 Not over \$15,000.....2.7% of Kansas taxable income  
 25 Over \$15,000.....\$405 plus 4.6% of excess over  
 26 \$15,000

27 ~~(E) For tax year 2018, and all tax years thereafter:~~

28 ~~If the taxable income is: The tax is:  
 29 Not over \$15,000.....2.6% of Kansas taxable income  
 30 Over \$15,000.....\$390 plus 4.6% of excess over  
 31 \$15,000~~

32 (3) *All resident individuals. For tax year 2018, and all tax years*  
 33 *thereafter, for all individuals regardless of filing status, the tax shall be in*  
 34 *an amount equal to 3.9% of the Kansas taxable income of such*  
 35 *individuals.*

36 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas  
 37 taxable income of every nonresident individual, which tax shall be an  
 38 amount equal to the tax computed under subsection (a) as if the  
 39 nonresident were a resident multiplied by the ratio of modified Kansas  
 40 source income to Kansas adjusted gross income.

41 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable  
 42 income of every corporation doing business within this state or deriving  
 43 income from sources within this state. Such tax shall consist of a normal

1 tax and a surtax and shall be computed as follows:

2 (1) The normal tax shall be in an amount equal to 4% of the Kansas  
3 taxable income of such corporation; and

4 (2) (A) for tax year 2008, the surtax shall be in an amount equal to  
5 3.1% of the Kansas taxable income of such corporation in excess of  
6 \$50,000;

7 (B) for tax years 2009 and 2010, the surtax shall be in an amount  
8 equal to 3.05% of the Kansas taxable income of such corporation in excess  
9 of \$50,000; and

10 (C) for tax year 2011, and all tax years thereafter, the surtax shall be  
11 in an amount equal to 3% of the Kansas taxable income of such  
12 corporation in excess of \$50,000.

13 (d) *Fiduciaries*. A tax is hereby imposed upon the Kansas taxable  
14 income of estates and trusts at the rates provided in subsection (a)(2)  
15 hereof.

16 (e) ~~Tax rates provided in this section shall be adjusted pursuant to the~~  
17 ~~provisions of K.S.A. 2016 Supp. 79-32,269, and amendments thereto.~~

18 (f) ~~Notwithstanding the provisions of subsections (a) and (b), for tax~~  
19 ~~year 2016, and all tax years thereafter, married individuals filing joint~~  
20 ~~returns with taxable income of \$12,500 or less, and all other individuals~~  
21 ~~with taxable income of \$5,000 or less, shall have a tax liability of zero.~~

22 Sec. 2. K.S.A. 2016 Supp. 79-32,117 is hereby amended to read as  
23 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
24 means such individual's federal adjusted gross income for the taxable year,  
25 with the modifications specified in this section.

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

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

40 (ii) Taxes on or measured by income or fees or payments in lieu of  
41 income taxes imposed by this state or any other taxing jurisdiction to the  
42 extent deductible in determining federal adjusted gross income and not  
43 credited against federal income tax. This paragraph shall not apply to taxes

1 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and  
2 amendments thereto, for privilege tax year 1995, and all such years  
3 thereafter.

4 (iii) The federal net operating loss deduction.

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

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

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

28 (vii) The amount of any charitable contribution made to the extent the  
29 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
30 32,196, and amendments thereto.

31 (viii) The amount of any costs incurred for improvements to a swine  
32 facility, claimed for deduction in determining federal adjusted gross  
33 income, to the extent the same is claimed as the basis for any credit  
34 allowed pursuant to K.S.A. 2016 Supp. 79-32,204, and amendments  
35 thereto.

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

42 (x) Amounts received as nonqualified withdrawals, as defined by  
43 K.S.A. 2016 Supp. 75-643, and amendments thereto, if, at the time of

1 contribution to a family postsecondary education savings account, such  
2 amounts were subtracted from the federal adjusted gross income pursuant  
3 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts  
4 are not already included in the federal adjusted gross income.

5 (xi) The amount of any contribution made to the same extent the  
6 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016  
7 Supp. 74-50,154, and amendments thereto.

8 (xii) For taxable years commencing after December 31, 2004,  
9 amounts received as withdrawals not in accordance with the provisions of  
10 K.S.A. 2016 Supp. 74-50,204, and amendments thereto, if, at the time of  
11 contribution to an individual development account, such amounts were  
12 subtracted from the federal adjusted gross income pursuant to subsection  
13 (c)(xiii), or if such amounts are not already included in the federal adjusted  
14 gross income.

15 (xiii) The amount of any expenditures claimed for deduction in  
16 determining federal adjusted gross income, to the extent the same is  
17 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.  
18 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

19 (xiv) The amount of any amortization deduction claimed in  
20 determining federal adjusted gross income to the extent the same is  
21 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,221, and  
22 amendments thereto.

23 (xv) The amount of any expenditures claimed for deduction in  
24 determining federal adjusted gross income, to the extent the same is  
25 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.  
26 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233  
27 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-  
28 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

29 (xvi) The amount of any amortization deduction claimed in  
30 determining federal adjusted gross income to the extent the same is  
31 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,227, 79-  
32 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments  
33 thereto.

34 (xvii) The amount of any amortization deduction claimed in  
35 determining federal adjusted gross income to the extent the same is  
36 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,256, and  
37 amendments thereto.

38 (xviii) For taxable years commencing after December 31, 2006, the  
39 amount of any ad valorem or property taxes and assessments paid to a state  
40 other than Kansas or local government located in a state other than Kansas  
41 by a taxpayer who resides in a state other than Kansas, when the law of  
42 such state does not allow a resident of Kansas who earns income in such  
43 other state to claim a deduction for ad valorem or property taxes or

1 assessments paid to a political subdivision of the state of Kansas in  
2 determining taxable income for income tax purposes in such other state, to  
3 the extent that such taxes and assessments are claimed as an itemized  
4 deduction for federal income tax purposes.

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

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

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

34 (xxii) For all taxable years beginning after December 31, 2012, the  
35 amount of any deduction for health insurance under section 162(l) of the  
36 federal internal revenue code as in effect on January 1, 2012, and  
37 amendments thereto, in determining the federal adjusted gross income of  
38 an individual taxpayer.

39 (xxiii) For all taxable years beginning after December 31, 2012, the  
40 amount of any deduction for domestic production activities under section  
41 199 of the federal internal revenue code as in effect on January 1, 2012,  
42 and amendments thereto, in determining the federal adjusted gross income  
43 of an individual taxpayer.

1 (xxiv) For taxable years commencing after December 31, 2013, that  
2 portion of the amount of any expenditure deduction claimed in  
3 determining federal adjusted gross income for expenses paid for medical  
4 care of the taxpayer or the taxpayer's spouse or dependents when such  
5 expenses were paid or incurred for an abortion, or for a health benefit plan,  
6 as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, for the  
7 purchase of an optional rider for coverage of abortion in accordance with  
8 K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that  
9 such taxes and assessments are claimed as an itemized deduction for  
10 federal income tax purposes.

11 (xxv) For taxable years commencing after December 31, 2013, that  
12 portion of the amount of any expenditure deduction claimed in  
13 determining federal adjusted gross income for expenses paid by a taxpayer  
14 for health care when such expenses were paid or incurred for abortion  
15 coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731,  
16 and amendments thereto, when such expenses were paid or incurred for  
17 abortion coverage or amounts contributed to health savings accounts for  
18 such taxpayer's employees for the purchase of an optional rider for  
19 coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and  
20 amendments thereto, to the extent that such taxes and assessments are  
21 claimed as a deduction for federal income tax purposes.

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

23 (i) Interest or dividend income on obligations or securities of any  
24 authority, commission or instrumentality of the United States and its  
25 possessions less any related expenses directly incurred in the purchase of  
26 such obligations or securities, to the extent included in federal adjusted  
27 gross income but exempt from state income taxes under the laws of the  
28 United States.

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

32 (iii) The portion of any gain or loss from the sale or other disposition  
33 of property having a higher adjusted basis for Kansas income tax purposes  
34 than for federal income tax purposes on the date such property was sold or  
35 disposed of in a transaction in which gain or loss was recognized for  
36 purposes of federal income tax that does not exceed such difference in  
37 basis, but if a gain is considered a long-term capital gain for federal  
38 income tax purposes, the modification shall be limited to that portion of  
39 such gain which is included in federal adjusted gross income.

40 (iv) The amount necessary to prevent the taxation under this act of  
41 any annuity or other amount of income or gain which was properly  
42 included in income or gain and was taxed under the laws of this state for a  
43 taxable year prior to the effective date of this act, as amended, to the

1 taxpayer, or to a decedent by reason of whose death the taxpayer acquired  
2 the right to receive the income or gain, or to a trust or estate from which  
3 the taxpayer received the income or gain.

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

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

11 (vii) Amounts received as annuities under the federal civil service  
12 retirement system from the civil service retirement and disability fund and  
13 other amounts received as retirement benefits in whatever form which  
14 were earned for being employed by the federal government or for service  
15 in the armed forces of the United States.

16 (viii) Amounts received by retired railroad employees as a  
17 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and  
18 228c (a)(1) et seq.

19 (ix) Amounts received by retired employees of a city and by retired  
20 employees of any board of such city as retirement allowances pursuant to  
21 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter  
22 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and  
23 amendments thereto.

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

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

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

35 (xiii) For taxable years beginning after December 31, 2004, amounts  
36 contributed to and the amount of income earned on contributions deposited  
37 to an individual development account under K.S.A. 2016 Supp. 74-50,201  
38 et seq., and amendments thereto.

39 (xiv) For all taxable years commencing after December 31, 1996, that  
40 portion of any income of a bank organized under the laws of this state or  
41 any other state, a national banking association organized under the laws of  
42 the United States, an association organized under the savings and loan  
43 code of this state or any other state, or a federal savings association



1 organized under the laws of the United States, for which an election as an  
2 S corporation under subchapter S of the federal internal revenue code is in  
3 effect, which accrues to the taxpayer who is a stockholder of such  
4 corporation and which is not distributed to the stockholders as dividends of  
5 the corporation. For all taxable years beginning after December 31, 2012,  
6 the amount of modification under this subsection shall exclude the portion  
7 of income or loss reported on schedule E and included on line 17 of the  
8 taxpayer's form 1040 federal individual income tax return.

9 (xv) For all taxable years beginning after December 31, 2006,  
10 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a  
11 joint return, for each designated beneficiary which are contributed to a  
12 family postsecondary education savings account established under the  
13 Kansas postsecondary education savings program or a qualified tuition  
14 program established and maintained by another state or agency or  
15 instrumentality thereof pursuant to section 529 of the internal revenue  
16 code of 1986, as amended, for the purpose of paying the qualified higher  
17 education expenses of a designated beneficiary at an institution of  
18 postsecondary education. The terms and phrases used in this paragraph  
19 shall have the meaning respectively ascribed thereto by the provisions of  
20 K.S.A. 2016 Supp. 75-643, and amendments thereto, and the provisions of  
21 such section are hereby incorporated by reference for all purposes thereof.

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

32 (xvii) For all taxable years beginning after December 31, 2004,  
33 amounts received by taxpayers who are eligible members of the Kansas  
34 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
35 281, and amendments thereto, and amounts received for death benefits  
36 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section  
37 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and  
38 amendments thereto, to the extent that such death benefits are included in  
39 federal adjusted gross income of the taxpayer.

40 (xviii) For the taxable year beginning after December 31, 2006,  
41 amounts received as benefits under the federal social security act which  
42 are included in federal adjusted gross income of a taxpayer with federal  
43 adjusted gross income of \$50,000 or less, whether such taxpayer's filing

1 status is single, head of household, married filing separate or married filing  
2 jointly; and for all taxable years beginning after December 31, 2007,  
3 amounts received as benefits under the federal social security act which  
4 are included in federal adjusted gross income of a taxpayer with federal  
5 adjusted gross income of \$75,000 or less, whether such taxpayer's filing  
6 status is single, head of household, married filing separate or married filing  
7 jointly.

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

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

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

1 modifications to the automated tax system for the purpose of  
2 implementing this paragraph will not exceed \$20,000.

3 (xxii) For all taxable years beginning after December 31, 2012, the  
4 amount of net gain from the sale of: (1) Cattle and horses, regardless of  
5 age, held by the taxpayer for draft, breeding, dairy or sporting purposes,  
6 and held by such taxpayer for 24 months or more from the date of  
7 acquisition; and (2) other livestock, regardless of age, held by the taxpayer  
8 for draft, breeding, dairy or sporting purposes, and held by such taxpayer  
9 for 12 months or more from the date of acquisition. The subtraction from  
10 federal adjusted gross income shall be limited to the amount of the  
11 additions recognized under the provisions of subsection (b)(xix)  
12 attributable to the business in which the livestock sold had been used. As  
13 used in this paragraph, the term "livestock" shall not include poultry.

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

19 (xxiv) For all taxable years beginning after December 31, 2013, the  
20 net gain from the sale from Christmas trees grown in Kansas and held by  
21 the taxpayer for six years or more.

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

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

31 (f) *For tax year 2018, and all tax years thereafter, the subtraction*  
32 *modification described in subsection (c)(xx) shall only be allowed to a*  
33 *taxpayer who receives such net profit, net income or net farm profit from*  
34 *an entity that has at least one employee receiving an annual statement*  
35 *required by K.S.A. 79-3299, and amendments thereto.*

36 Sec. 3. K.S.A. 2016 Supp. 79-32,110, 79-32,117 and 79-32,269 are  
37 hereby repealed.

38 Sec. 4. This act shall take effect and be in force from and after its  
39 publication in the statute book.