

HOUSE BILL No. 2106

By Committee on Taxation

1-21

1 AN ACT concerning income taxation; relating to ~~corporate~~ tax returns;
2 extending the dates when ~~tax~~ *corporate* returns are required to be filed;
3 *providing conformity with the federal return due date for returns*
4 *other than corporate returns; relating to adjusted gross income;*
5 *exempting compensation income attributable as a result of identity*
6 *fraud; providing a subtraction modification for amounts received*
7 *from retirement plans; {relating to withholding tax; providing a*
8 *temporary option for teleworking employees; expanding the*
9 *subtraction modification exempting social security benefits;}*
10 amending K.S.A. 79-3221 *and 79-32,117* and repealing the existing
11 section sections.
12

13 *Be it enacted by the Legislature of the State of Kansas:*
14

15 *{New Section 1. For the period of January 1, 2021, through*
16 *December 31, 2021, for wages paid to employees who are temporarily*
17 *teleworking in a state other than their primary work location, employers*
18 *shall have the option to continue to withhold income taxes based on the*
19 *state of the employee's primary work location and not based on the state*
20 *in which the employee is teleworking or otherwise working during the*
21 *COVID-19 pandemic. If any provisions of K.S.A. 79-3296, and*
22 *amendments thereto, are in conflict with the provisions of this section,*
23 *the provisions of this section shall control.}*

24 Section 1. *{Sec. 2.}* K.S.A. 79-3221 is hereby amended to read as
25 follows: 79-3221. (a) All returns required by this act shall be made as
26 nearly as practical in the same form as the corresponding form of income
27 tax return by the United States. Unless another identifying number has
28 been assigned to an individual by the internal revenue service for purposes
29 of filing such individual's federal income tax return, the social security
30 number issued to an individual, the individual's spouse, and all dependents
31 of such individual for purposes of section 205(c)(2)(A) of the social
32 security act shall be used as the identifying number and included on the
33 return when filing such return.

34 (b) All returns shall be filed in the office of the director of taxation on

1 or before the 15th day of the fourth month following the close of the
2 taxable year, except as provided in subsection (c) ~~hereof~~. Tentative returns
3 may be filed before the close of the taxable year and the estimated tax
4 computed on such return, paid, but no interest will be paid on any
5 overpayment of tax liability, computed on such tentative return.

6 (c) (1) The director of taxation may grant a reasonable extension of
7 time for filing returns in accordance with rules and regulations of the
8 secretary of revenue. Whenever any such extension of time to file is
9 requested by a taxpayer and granted by the director with respect to any tax
10 year commencing after December 31, 1992, no penalty authorized by
11 K.S.A. 79-3228, and amendments thereto, shall be imposed if 90% of the
12 liability is paid on or before the original due date.

13 (2) *For any tax year commencing after December 31, 2019, any*
14 *taxpayer filing a corporate tax return shall file the return in the office of*
15 *the director of taxation:*

16 (A) *No later than one month after the due date established under the*
17 *federal internal revenue code, including any applicable extensions granted*
18 *by the internal revenue service; and*

19 (B) *no penalty authorized by K.S.A. 79-3228, and amendments*
20 *thereto, shall be imposed if the return is filed within one month after*
21 *receiving an extension to file a tax return with the internal revenue*
22 *service. The taxpayer shall not be required to file an extension request*
23 *with the director pursuant to this subparagraph.*

24 (3) ***For any tax year commencing after December 31, 2019, any***
25 ***taxpayer filing a return, other than a corporate tax return, shall file the***
26 ***return in the office of the director of taxation not later than the due date***
27 ***established under the federal internal revenue code, including any***
28 ***applicable extensions granted by the internal revenue service. No***
29 ***penalty authorized by K.S.A. 79-3228, and amendments thereto, shall be***
30 ***imposed if the return is filed not later than the deadline established by***
31 ***the internal revenue service. The taxpayer shall not be required to file***
32 ***an extension request with the director pursuant to this paragraph.***

33 (d) In the case of an individual serving in the armed forces of the
34 United States, or serving in support of such armed forces, in an area
35 designated by the president of the United States by executive order as a
36 "combat zone" as defined under 26 U.S.C. § 112 at any time during the
37 period designated by the president by executive order as the period of
38 combatant activities in such zone for the purposes of such section, or
39 hospitalized as a result of injury received or sickness incurred while
40 serving in such an area during such time, the period of service in such
41 area, plus the period of continuous qualified hospitalization attributable to
42 such injury or sickness, and the next 180 days thereafter, shall be
43 disregarded in determining, under article 32 of chapter 79 of the Kansas

1 Statutes Annotated, and amendments thereto, in respect to any tax liability,
2 including any interest, penalty, additional amount, or addition to the tax, of
3 such individual:

4 (1) Whether any of the following acts was performed within the time
5 prescribed therefor: (A) Filing any return of income tax; (B) payment of
6 any income tax or installment thereof; (C) filing a notice of appeal with the
7 director of taxation or the state board of tax appeals for redetermination of
8 a deficiency or for a review of a decision rendered by either the director or
9 the state board of tax appeals; (D) allowance of a credit or refund of any
10 income tax; (E) filing a claim for credit or refund of any income tax; (F)
11 bringing suit upon any such claim for credit or refund; (G) assessment of
12 any income tax; (H) giving or making any notice or demand for the
13 payment of any income tax, or with respect to any liability to the state of
14 Kansas in respect of any income tax; (I) collection, by the director of
15 taxation or the director's agent, by warrant, levy or otherwise, of the
16 amount of any liability in respect to any income tax; (J) bringing suit by
17 the state of Kansas, or any officer on its behalf, in respect to any liability
18 in respect of any income tax; and (K) any other act required or permitted
19 under the Kansas income tax act specified in rules and regulations adopted
20 by the secretary of revenue under this section;

21 (2) the amount of any credit or refund.

22 (e) (1) Subsection (d) shall not apply for purposes of determining the
23 amount of interest on any overpayment of tax.

24 (2) If an individual is entitled to the benefits of subsection (d) with
25 respect to any return and such return is timely filed, determined after the
26 application of ~~subsection (d), subsections (e)(5) and (e)(7) of K.S.A. 79-~~
27 ~~32,105(d), (e)(5) and (e)(7),~~ and amendments thereto, shall not apply.

28 (f) The provisions of subsections (d) through (j) shall apply to the
29 spouse of any individual entitled to the benefits of subsection (d). Except
30 in the case of the combat zone designated for purposes of the Vietnam
31 conflict, this subsection shall not cause subsections (d) through (j) to apply
32 for any spouse for any taxable year beginning more than two years after
33 the date designated under 26 U.S.C. § 112, and amendments thereto, as the
34 date of termination of combatant activities in a combat zone.

35 (g) The period of service in the area referred to in subsection (d) shall
36 include the period during which an individual entitled to benefits under
37 subsection (d) is in a missing status, within the meaning of 26 U.S.C. §
38 6013(f)(3).

39 (h) (1) Notwithstanding the provisions of subsection (d), any action
40 or proceeding authorized by K.S.A. 79-3229, and amendments thereto, as
41 well as any other action or proceeding authorized by law in connection
42 therewith, may be taken, begun or prosecuted. In any other case in which
43 the secretary determines that collection of the amount of any assessment

1 would be jeopardized by delay, the provisions of subsection (d) shall not
2 operate to stay collection of such amount by levy or otherwise as
3 authorized by law. There shall be excluded from any amount assessed or
4 collected pursuant to this subsection the amount of interest, penalty,
5 additional amount, and addition to the tax, if any, in respect of the period
6 disregarded under subsection (d). In any case to which this ~~subsection~~
7 *subsection* relates, if the secretary is required to give any notice to or make
8 any demand upon any person, such requirement shall be deemed to be
9 satisfied if the notice or demand is prepared and signed, in any case in
10 which the address of such person last known to the secretary is in an area
11 for which United States post offices under instructions of the postmaster
12 general are not, by reason of the combatant activities, accepting mail for
13 delivery at the time the notice or demand is signed. In such case the notice
14 or demand shall be deemed to have been given or made upon the date it is
15 signed.

16 (2) The assessment or collection of any tax under the provisions of
17 article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments
18 thereto, or any action or proceeding by or on behalf of the state in
19 connection therewith, may be made, taken, begun or prosecuted in
20 accordance with law, without regard to the provisions of subsection (d),
21 unless prior to such assessment, collection, action or proceeding it is
22 ascertained that the person concerned is entitled to the benefits of
23 subsection (d).

24 (i) (1) Any individual who performed Desert Shield services, and the
25 spouse of such individual, shall be entitled to the benefits of subsections
26 (d) through (j) in the same manner as if such services were services
27 referred to in subsection (d).

28 (2) For purposes of this subsection, the term "Desert Shield services"
29 means any services in the armed forces of the United States or in support
30 of such armed forces if:

31 (A) Such services are performed in the area designated by the
32 president as the "Persian Gulf Desert Shield area"; and

33 (B) such services are performed during the period beginning on
34 August 2, 1990, and ending on the date on which any portion of the area
35 referred to in subsection (i)(2)(A) is designated by the president as a
36 combat zone pursuant to 26 U.S.C. § 112.

37 (j) For purposes of subsection (d), the term "qualified hospitalization"
38 means:

39 (1) Any hospitalization outside the United States; and

40 (2) any hospitalization inside the United States, except that not more
41 than five years of hospitalization may be taken into account under this
42 subsection. This subsection shall not apply for purposes of applying
43 subsections (d) through (j) with respect to the spouse of an individual

1 entitled to the benefits of subsection (d).

2 *New Sec. ~~2~~ {3.}* (a) *Notwithstanding any other provision of law, for*
3 *any individual whose identity was fraudulently used to secure any type*
4 *of compensation, if such individual never received such compensation,*
5 *such compensation shall not be considered gross income and shall not*
6 *be taxable for Kansas income tax purposes after determination by the*
7 *department of revenue that the compensation was obtained fraudulently*
8 *by another individual.*

9 (b) *The department of revenue shall provide a method for any*
10 *taxpayer subject to the Kansas income tax act to report to the department*
11 *of revenue whether such taxpayer was a victim of fraud due to identity*
12 *theft and whether such fraud resulted in the reporting of any income to*
13 *the federal internal revenue service. The report shall include, but not be*
14 *limited to, the amount of the income reported to the federal internal*
15 *revenue service due to fraud, if known.*

16 *Sec. ~~3~~ {4.}* *K.S.A. 79-32,117 is hereby amended to read as follows:*
17 *79-32,117. (a) The Kansas adjusted gross income of an individual means*
18 *such individual's federal adjusted gross income for the taxable year,*
19 *with the modifications specified in this section.*

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

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

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

41 (iii) *The federal net operating loss deduction, except that the*
42 *federal net operating loss deduction shall not be added to an individual's*
43 *federal adjusted gross income for tax years beginning after December*

1 31, 2016.

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

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

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

25 (vii) The amount of any charitable contribution made to the extent
26 the same is claimed as the basis for the credit allowed pursuant to K.S.A.
27 79-32,196, and amendments thereto.

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

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

38 (x) Amounts received as nonqualified withdrawals, as defined by
39 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to
40 a family postsecondary education savings account, such amounts were
41 subtracted from the federal adjusted gross income pursuant to K.S.A.
42 79-32,117(c)(xv), and amendments thereto, or if such amounts are not
43 already included in the federal adjusted gross income.

1 (xi) *The amount of any contribution made to the same extent the*
2 *same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-*
3 *50,154, and amendments thereto.*

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

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

15 (xiv) *The amount of any amortization deduction claimed in*
16 *determining federal adjusted gross income to the extent the same is*
17 *claimed for deduction pursuant to K.S.A. 79-32,221, and amendments*
18 *thereto.*

19 (xv) *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. 79-32,223*
22 *through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-*
23 *32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or*
24 *79-32,251 through 79-32,254, and amendments thereto.*

25 (xvi) *The amount of any amortization deduction claimed in*
26 *determining federal adjusted gross income to the extent the same is*
27 *claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-*
28 *32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.*

29 (xvii) *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. 79-32,256, and amendments*
32 *thereto.*

33 (xviii) *For taxable years commencing after December 31, 2006, the*
34 *amount of any ad valorem or property taxes and assessments paid to a*
35 *state other than Kansas or local government located in a state other than*
36 *Kansas by a taxpayer who resides in a state other than Kansas, when the*
37 *law of such state does not allow a resident of Kansas who earns income*
38 *in such other state to claim a deduction for ad valorem or property taxes*
39 *or assessments paid to a political subdivision of the state of Kansas in*
40 *determining taxable income for income tax purposes in such other state,*
41 *to the extent that such taxes and assessments are claimed as an itemized*
42 *deduction for federal income tax purposes.*

43 (xix) *For taxable years beginning after December 31, 2012, and*

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

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

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

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

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

43 (xxiv) *For taxable years commencing after December 31, 2013, that*

1 *portion of the amount of any expenditure deduction claimed in*
2 *determining federal adjusted gross income for expenses paid for medical*
3 *care of the taxpayer or the taxpayer's spouse or dependents when such*
4 *expenses were paid or incurred for an abortion, or for a health benefit*
5 *plan, as defined in K.S.A. 65-6731, and amendments thereto, for the*
6 *purchase of an optional rider for coverage of abortion in accordance*
7 *with K.S.A. 2020 Supp. 40-2,190, and amendments thereto, to the extent*
8 *that such taxes and assessments are claimed as an itemized deduction*
9 *for federal income tax purposes.*

10 (xxv) *For taxable years commencing after December 31, 2013, that*
11 *portion of the amount of any expenditure deduction claimed in*
12 *determining federal adjusted gross income for expenses paid by a*
13 *taxpayer for health care when such expenses were paid or incurred for*
14 *abortion coverage, a health benefit plan, as defined in K.S.A. 65-6731,*
15 *and amendments thereto, when such expenses were paid or incurred for*
16 *abortion coverage or amounts contributed to health savings accounts for*
17 *such taxpayer's employees for the purchase of an optional rider for*
18 *coverage of abortion in accordance with K.S.A. 2020 Supp. 40-2,190,*
19 *and amendments thereto, to the extent that such taxes and assessments*
20 *are claimed as a deduction for federal income tax purposes.*

21 (xxvi) *For all taxable years beginning after December 31, 2016, the*
22 *amount of any charitable contribution made to the extent the same is*
23 *claimed as the basis for the credit allowed pursuant to K.S.A. 72-99a07,*
24 *and amendments thereto, and is also claimed as an itemized deduction*
25 *for federal income tax purposes.*

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

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

33 (ii) *Any amounts received which are included in federal adjusted*
34 *gross income but which are specifically exempt from Kansas income*
35 *taxation under the laws of the state of Kansas.*

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

1 *income.*

2 (iv) *The amount necessary to prevent the taxation under this act of*
3 *any annuity or other amount of income or gain which was properly*
4 *included in income or gain and was taxed under the laws of this state for*
5 *a taxable year prior to the effective date of this act, as amended, to the*
6 *taxpayer, or to a decedent by reason of whose death the taxpayer*
7 *acquired the right to receive the income or gain, or to a trust or estate*
8 *from which the taxpayer received the income or gain.*

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

13 (vi) *Accumulation distributions received by a taxpayer as a*
14 *beneficiary of a trust to the extent that the same are included in federal*
15 *adjusted gross income.*

16 (vii) *Amounts received as annuities under the federal civil service*
17 *retirement system from the civil service retirement and disability fund*
18 *and other amounts received as retirement benefits in whatever form*
19 *which were earned for being employed by the federal government or for*
20 *service in the armed forces of the United States.*

21 (viii) *Amounts received by retired railroad employees as a*
22 *supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and*
23 *228c (a)(1) et seq.*

24 (ix) *Amounts received by retired employees of a city and by retired*
25 *employees of any board of such city as retirement allowances pursuant*
26 *to K.S.A. 13-14,106, and amendments thereto, or pursuant to any*
27 *charter ordinance exempting a city from the provisions of K.S.A. 13-*
28 *14,106, and amendments thereto.*

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

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

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

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

1 (xiv) *For all taxable years commencing after December 31, 1996,*
2 *that portion of any income of a bank organized under the laws of this*
3 *state or any other state, a national banking association organized under*
4 *the laws of the United States, an association organized under the savings*
5 *and loan code of this state or any other state, or a federal savings*
6 *association organized under the laws of the United States, for which an*
7 *election as an S corporation under subchapter S of the federal internal*
8 *revenue code is in effect, which accrues to the taxpayer who is a*
9 *stockholder of such corporation and which is not distributed to the*
10 *stockholders as dividends of the corporation. For taxable years*
11 *beginning after December 31, 2012, and ending before January 1, 2017,*
12 *the amount of modification under this subsection shall exclude the*
13 *portion of income or loss reported on schedule E and included on line*
14 *17 of the taxpayer's form 1040 federal individual income tax return.*

15 (xv) *For all taxable years beginning after December 31, 2017, the*
16 *cumulative amounts not exceeding \$3,000, or \$6,000 for a married*
17 *couple filing a joint return, for each designated beneficiary that are*
18 *contributed to: (1) A family postsecondary education savings account*
19 *established under the Kansas postsecondary education savings program*
20 *or a qualified tuition program established and maintained by another*
21 *state or agency or instrumentality thereof pursuant to section 529 of the*
22 *internal revenue code of 1986, as amended, for the purpose of paying*
23 *the qualified higher education expenses of a designated beneficiary; or*
24 *(2) an achieving a better life experience (ABLE) account established*
25 *under the Kansas ABLE savings program or a qualified ABLE program*
26 *established and maintained by another state or agency or*
27 *instrumentality thereof pursuant to section 529A of the internal revenue*
28 *code of 1986, as amended, for the purpose of saving private funds to*
29 *support an individual with a disability. The terms and phrases used in*
30 *this paragraph shall have the meaning respectively ascribed thereto by*
31 *the provisions of K.S.A. 75-643 and 75-652, and amendments thereto,*
32 *and the provisions of such sections are hereby incorporated by reference*
33 *for all purposes thereof.*

34 (xvi) *For all taxable years beginning after December 31, 2004,*
35 *amounts received by taxpayers who are or were members of the armed*
36 *forces of the United States, including service in the Kansas army and air*
37 *national guard, as a recruitment, sign up or retention bonus received by*
38 *such taxpayer as an incentive to join, enlist or remain in the armed*
39 *services of the United States, including service in the Kansas army and*
40 *air national guard, and amounts received for repayment of educational*
41 *or student loans incurred by or obligated to such taxpayer and received*
42 *by such taxpayer as a result of such taxpayer's service in the armed*
43 *forces of the United States, including service in the Kansas army and air*

1 *national guard.*

2 *(xvii) For all taxable years beginning after December 31, 2004,*
3 *amounts received by taxpayers who are eligible members of the Kansas*
4 *army and air national guard as a reimbursement pursuant to K.S.A. 48-*
5 *281, and amendments thereto, and amounts received for death benefits*
6 *pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to*
7 *section 1 or section 2 of chapter 207 of the 2005 Session Laws of*
8 *Kansas, and amendments thereto, to the extent that such death benefits*
9 *are included in federal adjusted gross income of the taxpayer.*

10 ~~*(xviii) For the taxable year beginning after December 31, 2006,*~~
11 ~~*amounts received as benefits under the federal social security act which*~~
12 ~~*are included in federal adjusted gross income of a taxpayer with federal*~~
13 ~~*adjusted gross income of \$50,000 or less, whether such taxpayer's filing*~~
14 ~~*status is single, head of household, married filing separate or married*~~
15 ~~*filing jointly; and (1) for all taxable years beginning after December*~~
16 ~~*31, 2007, {and ending before January 1, 2021,} amounts received as*~~
17 ~~*benefits under the federal social security act which are included in*~~
18 ~~*federal adjusted gross income of a taxpayer with federal adjusted gross*~~
19 ~~*income of \$75,000 or less, whether such taxpayer's filing status is single,*~~
20 ~~*head of household, married filing separate or married filing jointly;*~~
21 ~~*and (2) for all taxable years beginning after December 31, 2020,*~~
22 ~~*amounts received as benefits under the federal social security act that*~~
23 ~~*are included in federal adjusted gross income of a taxpayer}.*~~

24 *(xix) Amounts received by retired employees of Washburn*
25 *university as retirement and pension benefits under the university's*
26 *retirement plan.*

27 *(xx) For taxable years beginning after December 31, 2012, and*
28 *ending before January 1, 2017, the amount of any: (1) Net profit from*
29 *business as determined under the federal internal revenue code and*
30 *reported from schedule C and on line 12 of the taxpayer's form 1040*
31 *federal individual income tax return; (2) net income, not including*
32 *guaranteed payments as defined in section 707(c) of the federal internal*
33 *revenue code and as reported to the taxpayer from federal schedule K-1,*
34 *(form 1065-B), in box 9, code F or as reported to the taxpayer from*
35 *federal schedule K-1, (form 1065) in box 4, from rental real estate,*
36 *royalties, partnerships, S corporations, estates, trusts, residual interest in*
37 *real estate mortgage investment conduits and net farm rental as*
38 *determined under the federal internal revenue code and reported from*
39 *schedule E and on line 17 of the taxpayer's form 1040 federal individual*
40 *income tax return; and (3) net farm profit as determined under the*
41 *federal internal revenue code and reported from schedule F and on line*
42 *18 of the taxpayer's form 1040 federal income tax return; all to the*
43 *extent included in the taxpayer's federal adjusted gross income. For*

1 *purposes of this subsection, references to the federal form 1040 and*
2 *federal schedule C, schedule E, and schedule F, shall be to such form*
3 *and schedules as they existed for tax year 2011 and as revised thereafter*
4 *by the internal revenue service.*

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

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

33 *(xxiii) For all taxable years beginning after December 31, 2012,*
34 *amounts received under either the Overland Park, Kansas police*
35 *department retirement plan or the Overland Park, Kansas fire*
36 *department retirement plan, both as established by the city of Overland*
37 *Park, pursuant to the city's home rule authority.*

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

42 *(xxv) For all taxable years beginning after December 31, 2020,*
43 *amounts received by retired individuals under all retirement plans to the*

1 extent included in federal adjusted gross income.

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

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

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

15 Sec. ~~2-4~~ {5.} K.S.A. 79-3221 ~~is~~ and 79-32,117 are hereby repealed.

16 Sec. ~~3-5~~ {6.} This act shall take effect and be in force from and after
17 its publication in the ~~statute book~~ **Kansas register**.