AN ACT concerning the uniform consumer credit code; enacting the respectful lending to Kansas seniors act; relating to consumer loans to senior citizens; maximum finance charges; terms; fees; disclosures; income tax exemption for interest income of certain loans; other requirements; amending K.S.A. 2015 Supp. 79-32,117 and repealing the existing section.

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

New Section 1. (a) This section shall be known and may be cited as the respectful lending to Kansas seniors act.

(b) Any lender who makes a consumer loan under the provisions of K.S.A. 16a-2-404, and amendments thereto, to a senior citizen shall not impose an annual percent of interest greater than 36% with respect to the total cost of the loan. The lender shall provide to the borrower written and oral disclosure of the total cost of the loan and the lender's requirements under subsection (c).

(c) It shall be unlawful for any lender who makes a consumer loan under the provisions of K.S.A. 16a-2-404, and amendments thereto, to a senior citizen with respect to which:

(1) The lender rolls over, renews, repays, refinances or consolidates any consumer credit extended to the senior citizen by the same lender with the proceeds of other credit extended to the same senior citizen;
(2) the borrower is required to waive the borrower's right to legal recourse under any otherwise applicable provision of state or federal law;
(3) the lender requires the borrower to submit to arbitration or imposes onerous legal notice provisions in the case of a dispute;
(4) the lender demands unreasonable notice from the borrower as a condition for legal action;
(5) the creditor uses the title of a vehicle as security for the obligation;
(6) the lender requires as a condition for the extension of credit that the borrower establish an allotment on a paycheck or social security check to repay an obligation; or
(7) the borrower is prohibited from prepaying the loan or is charged a penalty or fee for prepaying all or part of the loan.

(d) The maximum repayment of any consumer loan made under the
provisions of K.S.A. 16a-2-404, and amendments thereto, to a senior

citizen shall be at $100 per loan per 30-day month. Such repayment

includes the original costs added to the principal amount of the loan. The

total maximum repayment due to a lender shall be $200 per borrower per

30-day month. The total cost of any fees, interest or other charges added to

the principal amount of the loan shall be spread equally over the life of the

loan.

(e) No additional fees may be charged, assessed or collected over the

life of the loan except as provided by this section.

(f) For purposes of this section:

(1) "Interest" means all cost elements associated with the extension of

credit, including fees, service charges, renewal charges, credit insurance

premiums, any ancillary product sold with any extension of credit to a

senior citizen and any other charge or premium with respect to the

extension of consumer credit; and

(2) "senior citizen" means an individual 60 years of age or older.

(g) This section shall be part of and supplemental to the uniform

consumer credit code.

Sec. 2. K.S.A. 2015 Supp. 79-32,117 is hereby amended to read as

follows: 79-32,117. (a) The Kansas adjusted gross income of an individual

means such individual's federal adjusted gross income for the taxable year,

with the modifications specified in this section.

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

(i) Interest income less any related expenses directly incurred in the

purchase of state or political subdivision obligations, to the extent that the

same is not included in federal adjusted gross income, on obligations of

any state or political subdivision thereof, but to the extent that interest

income on obligations of this state or a political subdivision thereof issued

prior to January 1, 1988, is specifically exempt from income tax under the

laws of this state authorizing the issuance of such obligations, it shall be

excluded from computation of Kansas adjusted gross income whether or

not included in federal adjusted gross income. Interest income on

obligations of this state or a political subdivision thereof issued after

December 31, 1987, shall be excluded from computation of Kansas

adjusted gross income whether or not included in federal adjusted gross

income.

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

income taxes imposed by this state or any other taxing jurisdiction to the

extent deductible in determining federal adjusted gross income and not

credited against federal income tax. This paragraph shall not apply to taxes

imposed under the provisions of K.S.A. 79-1107 or 79-1108, and

amendments thereto, for privilege tax year 1995, and all such years

thereafter.
(iii) The federal net operating loss deduction.

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

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

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

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

(viii) The amount of any costs incurred for improvements to a swine facility, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2015 Supp. 79-32,204, and amendments thereto.

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

(x) Amounts received as nonqualified withdrawals, as defined by K.S.A. 2015 Supp. 75-643, and amendments thereto, if, at the time of contribution to a family postsecondary education savings account, such amounts were subtracted from the federal adjusted gross income pursuant to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts
are not already included in the federal adjusted gross income.

   (xi) The amount of any contribution made to the same extent the
   same is claimed as the basis for the credit allowed pursuant to K.S.A. 2015
   Supp. 74-50,154, and amendments thereto.
   (xii) For taxable years commencing after December 31, 2004,
   amounts received as withdrawals not in accordance with the provisions of
   K.S.A. 2015 Supp. 74-50,204, and amendments thereto, if, at the time of
   contribution to an individual development account, such amounts were
   subtracted from the federal adjusted gross income pursuant to subsection
   (c)(xiii), or if such amounts are not already included in the federal adjusted
   gross income.
   (xiii) The amount of any expenditures claimed for deduction in
determining federal adjusted gross income, to the extent the same is
claimed as the basis for any credit allowed pursuant to K.S.A. 2015 Supp.
79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.
(xiv) The amount of any amortization deduction claimed in
determining federal adjusted gross income to the extent the same is
claimed for deduction pursuant to K.S.A. 2015 Supp. 79-32,221, and
amendments thereto.
   (xv) The amount of any expenditures claimed for deduction in
determining federal adjusted gross income, to the extent the same is
claimed as the basis for any credit allowed pursuant to K.S.A. 2015 Supp.
through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
32,248 or 79-32,251 through 79-32,254, and amendments thereto.
   (xvi) The amount of any amortization deduction claimed in
determining federal adjusted gross income to the extent the same is
claimed for deduction pursuant to K.S.A. 2015 Supp. 79-32,227, 79-
thereto.
   (xvii) The amount of any amortization deduction claimed in
determining federal adjusted gross income to the extent the same is
claimed for deduction pursuant to K.S.A. 2015 Supp. 79-32,256, and
amendments thereto.
   (xviii) For taxable years commencing after December 31, 2006, the
amount of any ad valorem or property taxes and assessments paid to a state
other than Kansas or local government located in a state other than Kansas
by a taxpayer who resides in a state other than Kansas, when the law of
such state does not allow a resident of Kansas who earns income in such
other state to claim a deduction for ad valorem or property taxes or
assessments paid to a political subdivision of the state of Kansas in
determining taxable income for income tax purposes in such other state, to
the extent that such taxes and assessments are claimed as an itemized
deduction for federal income tax purposes.

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

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

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

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

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

(xxiv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid for medical
care of the taxpayer or the taxpayer's spouse or dependents when such expenses were paid or incurred for an abortion, or for a health benefit plan, as defined in K.S.A. 2015 Supp. 65-6731, and amendments thereto, for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2015 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

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

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

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

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

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

(iv) The amount necessary to prevent the taxation under this act of any annuity or other amount of income or gain which was properly included in income or gain and was taxed under the laws of this state for a taxable year prior to the effective date of this act, as amended, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain.
(v) The amount of any refund or credit for overpayment of taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state, or any taxing jurisdiction, to the extent included in gross income for federal income tax purposes.

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

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

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

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

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

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

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

(xiii) For taxable years beginning after December 31, 2004, amounts contributed to and the amount of income earned on contributions deposited to an individual development account under K.S.A. 2015 Supp. 74-50,201 et seq., and amendments thereto.

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

(xv) For all taxable years beginning after December 31, 2006,
amounts not exceeding $3,000, or $6,000 for a married couple filing a
joint return, for each designated beneficiary which are contributed to a
family postsecondary education savings account established under the
Kansas postsecondary education savings program or a qualified tuition
program established and maintained by another state or agency or
instrumentality thereof pursuant to section 529 of the internal revenue
code of 1986, as amended, for the purpose of paying the qualified higher
education expenses of a designated beneficiary at an institution of
postsecondary education. The terms and phrases used in this paragraph
shall have the meaning respectively ascribed thereto by the provisions of
K.S.A. 2015 Supp. 75-643, and amendments thereto, and the provisions of
such section are hereby incorporated by reference for all purposes thereof.

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

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

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

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

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

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

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

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

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

(xxv) For all taxable years beginning after December 31, 2016, the amount of interest from a consumer loan made under the provisions of K.S.A. 16a-2-404, and amendments thereto, to a senior citizen, as defined in section 1, and amendments thereto, that charges interest on the loan of 15% or less and allows for a repayment term for such loan of at least 12 months.

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

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

Sec. 3. K.S.A. 2015 Supp. 79-32,117 is hereby repealed.

Sec. 4. This act shall take effect and be in force from and after January 1, 2017, and its publication in the statute book.