

SENATE BILL No. 47

AN ACT concerning taxation; relating to income tax; enacting the Kansas taxpayer protection act; requiring a signature and tax identification number of paid tax return preparers on returns and claims and authorizing actions by the secretary of revenue to enjoin certain conduct; exempting compensation income attributable as a result of identity fraud; extending the dates when corporate returns are required to be filed; providing conformity with the federal return due date for returns other than corporate returns; providing a temporary withholding option for certain teleworking employees; relating to income and privilege tax credits; establishing an Eisenhower foundation contribution credit and the friends of cedar crest association contribution credit; extending the time period and expanding eligibility for the single city port authority credit; relating to rural opportunity zones; extending the time period for eligibility in the loan repayment program and the income tax credit related thereto; defining rural opportunity zone on the basis of population; amending K.S.A. 74-50,222, 74-50,223, 79-3221, 79-32,212 and 79-32,267 and repealing the existing sections.

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

New Section 1. The provisions of sections 1 through 6, and amendments thereto, shall be known and may be cited as the Kansas taxpayer protection act and shall be effective on and after January 1, 2022.

New Sec. 2. As used in this act:

(a) "Paid tax return preparer" means any person who prepares or substantially prepares for compensation, or who employs one or more persons who prepare or substantially prepare for compensation, any income tax return or claim for refund, required to be filed pursuant to K.S.A. 79-3201 et seq., and amendments thereto. "Paid tax return preparer" does not include the following:

(1) An individual licensed as a certified public accountant in this state under K.S.A. 1-302b or 1-322, and amendments thereto;

(2) an individual licensed as a certified public accountant in another licensing jurisdiction and practicing in this state under K.S.A. 1-302b or 1-322, and amendments thereto; or

(3) an individual employed by a firm licensed in this state under K.S.A. 1-308, and amendments thereto, and preparing a return under the supervision of an individual described in paragraph (1) or (2).

(b) "Secretary" means secretary of the Kansas department of revenue.

New Sec. 3. (a) Any income tax return or claim for refund prepared or substantially prepared by a paid tax return preparer shall be signed by the paid tax return preparer and shall bear the paid tax return preparer's federal internal revenue service preparer tax identification number. Any paid tax return preparer who fails to sign the income tax return or claim for refund or who fails to provide the preparer's federal internal revenue service preparer tax identification number shall pay a civil penalty of \$50 for each such failure to the Kansas department of revenue, unless it can be shown that the failure was due to reasonable cause and not willful or reckless conduct. The penalty imposed on any paid tax return preparer with respect to returns or claims for refund filed during any calendar year shall not exceed \$25,000 per paid tax return preparer.

(b) The penalty shall be imposed pursuant to this section upon the written order of the secretary or the secretary's designee to the paid tax return preparer who committed the violation. Such order shall state the violation, the penalty to be imposed and the right of the paid tax return preparer to appeal the order. Such order shall be subject to appeal and review in the manner provided by the Kansas administrative procedure act.

(c) Any penalty collected pursuant to this section shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state general fund.

New Sec. 4. (a) The secretary or the secretary's designee is hereby authorized to enjoin any person from engaging in conduct described in

subsection (b) or from further action as a paid tax return preparer under the provisions of the Kansas taxpayer protection act who is found to be in violation of this act and the secretary or the secretary's designee shall be entitled, in any proceeding brought for such purpose to have an order restraining such person from engaging in conduct in violation of the provisions of this act, and no bond shall be required for any such restraining order, nor for any temporary or permanent injunction issued in such proceedings. The secretary may commence suit in a court of competent jurisdiction to enjoin any paid tax return preparer from further engaging in any conduct described in subsection (b) or from further action as a paid tax return preparer in this state. The secretary may request the assistance of the attorney general or the attorney general's duly authorized designee to enforce provisions of this section.

(b) In an action pursuant to subsection (a), the court may enjoin the paid tax return preparer from further engaging in any conduct described in this subsection, if the court finds that injunctive relief is appropriate to prevent occurrence of such conduct. The court may issue an injunction when the paid tax return preparer has engaged in any of the following conduct:

(1) Prepared any income tax return or claim for refund that includes an understatement of a taxpayer's liability due to an unreasonable position. As used in this subsection, "unreasonable position" shall have the meaning ascribed by section 6694(a)(2) of the federal internal revenue code;

(2) prepared any income tax return or claim for refund that includes an understatement of a taxpayer's liability due to the paid tax return preparer's willful or reckless conduct. As used in this subsection, "willful or reckless conduct" shall have the meaning ascribed by section 6694(b)(2) of the federal internal revenue code;

(3) where required, failed to do any of the following:

(A) Furnish a copy of the income tax return or claim for refund;

(B) sign the income tax return or claim for refund;

(C) furnish an identifying number;

(D) retain a copy of the income tax return or claim for refund; or

(E) be diligent in determining eligibility for tax benefits;

(4) negotiated a check issued to the taxpayer by the department of revenue without the permission of the taxpayer;

(5) engaged in any conduct subject to any criminal penalty provided for in chapter 79 of the Kansas Statutes Annotated, and amendments thereto;

(6) misrepresented the paid tax return preparer's eligibility to practice before the department of revenue or otherwise misrepresented the paid tax return preparer's experience or education;

(7) guaranteed the payment of any income tax refund or the allowance of any income tax credit; or

(8) engaged in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of the tax laws of the state of Kansas.

(c) If the court finds that a paid tax return preparer has continually or repeatedly engaged in any conduct described in subsection (b) and that an injunction prohibiting the conduct would not be sufficient to prevent the person's interference with the proper administration of the tax laws of the state of Kansas, the court may enjoin the person from acting as a paid tax return preparer in the state of Kansas. The fact that the person has been enjoined from preparing tax returns or claims for refund for the United States or any other state in the five years preceding the petition for an injunction shall establish a prima facie case for an injunction to be issued pursuant to this section. For purposes of this subsection, "state" means a state of the United States,

the District of Columbia, Puerto Rico, the United States Virgin Islands or any territory or insular possession subject to the jurisdiction of the United States.

(d) The secretary or the secretary's designee shall annually report a summary of the secretary's enjoinder actions on the department of revenue's website.

New Sec. 5. (a) Preparation or substantial preparation of any income tax return or claim for refund filed pursuant to K.S.A. 79-3201 et seq., and amendments thereto, by a paid tax return preparer, whether or not a resident or citizen of this state, thereby submits the preparer to the jurisdiction of the courts of this state as to any cause of action arising from the provisions of this act.

(b) Every action pursuant to this act shall be brought in the district court of Shawnee county.

(c) In lieu of instigating or continuing an action or proceeding, the secretary or the secretary's designee may accept a consent judgment with respect to any act or practice declared to be a violation of this act. A consent judgment shall provide for the discontinuance by the paid tax return preparer entering the same of any act or practice declared to be a violation of this act. Any consent judgment entered into pursuant to this section shall not be deemed to admit the violation, unless it does so by its terms. Before any consent judgment entered into pursuant to this section shall be effective, it must be approved by the district court and an entry made in the manner required for making an entry of judgment. Once such approval is received, any breach of the conditions of such consent judgment shall be treated as a violation of a court order and shall be subject to all the penalties provided by law.

New Sec. 6. The secretary may adopt rules and regulations necessary to carry out the provisions of the Kansas taxpayer protection act.

New Sec. 7. (a) For taxable years commencing after December 31, 2020, and before January 1, 2026, there shall be allowed a credit against the tax imposed by the Kansas income tax act and the privilege tax pursuant to K.S.A. 79-1106 et seq., and amendments thereto, in an amount equal to 50% of the total amount contributed during the taxable year by a taxpayer subject to income tax pursuant to K.S.A. 79-32,110(a) or (c), and amendments thereto, or subject to the privilege tax pursuant to K.S.A. 79-1107 and 79-1108, and amendments thereto, to the Eisenhower foundation.

(b) The amount of such credit awarded to a taxpayer in a taxable year pursuant to this section shall not exceed:

(1) \$25,000 for any taxpayer subject to the income tax on resident individuals imposed pursuant to K.S.A. 79-32,110(a), and amendments thereto; or

(2) \$50,000 for any taxpayer subject to the income tax on corporations imposed pursuant to K.S.A. 79-32,110(c), and amendments thereto, or the privilege tax on financial institutions pursuant to K.S.A. 79-1107 and 79-1108, and amendments thereto.

(c) The aggregate amount of credits claimed pursuant to this section shall not exceed \$350,000 for any fiscal year.

(d) The credit allowed by this section shall not exceed the amount of tax imposed under the Kansas income tax act or the privilege tax reduced by the sum of any other credits allowable pursuant to law. Such credit shall be deducted from the taxpayer's income or privilege tax liability for the taxable year in which the contributions are made by the taxpayer. The taxpayer shall not be allowed to carry over any amount of such credit exceeding the taxpayer's income or privilege tax liability.

New Sec. 8. (a) For taxable years commencing after December 31, 2020, and before January 1, 2026, there shall be allowed a credit

against the tax imposed by the Kansas income tax act and the privilege tax pursuant to K.S.A. 79-1106 et seq., and amendments thereto, in an amount equal to 50% of the total amount contributed during the taxable year by a taxpayer subject to income tax pursuant to K.S.A. 79-32,110(a) or (c), and amendments thereto, or subject to the privilege tax pursuant to K.S.A. 79-1107 and 79-1108, and amendments thereto, to the friends of cedar crest association.

(b) The amount of such credit awarded to a taxpayer in a taxable year pursuant to this section shall not exceed:

(1) \$25,000 for any taxpayer subject to the income tax on resident individuals imposed pursuant to K.S.A. 79-32,110(a), and amendments thereto; or

(2) \$50,000 for any taxpayer subject to the income tax on corporations imposed pursuant to K.S.A. 79-32,110(c), and amendments thereto, or the privilege tax on financial institutions pursuant to K.S.A. 79-1107 and 79-1108, and amendments thereto.

(c) The aggregate amount of credits claimed pursuant to this section shall not exceed \$350,000 for any fiscal year.

(d) The credit allowed by this section shall not exceed the amount of tax imposed under the Kansas income tax act or the privilege tax reduced by the sum of any other credits allowable pursuant to law. Such credit shall be deducted from the taxpayer's income or privilege tax liability for the taxable year in which the contributions are made by the taxpayer. The taxpayer shall not be allowed to carry forward any amount of such credit exceeding the taxpayer's income or privilege tax liability.

New Sec. 9. For the period of January 1, 2021, through December 31, 2022, for wages paid to employees who are temporarily teleworking in a state other than their primary work location, employers shall have the option to continue to withhold income taxes based on the state of the employee's primary work location and not based on the state in which the employee is teleworking or otherwise working during the COVID-19 pandemic. If any provisions of K.S.A. 79-3296, and amendments thereto, are in conflict with the provisions of this section, the provisions of this section shall control.

New Sec. 10. (a) Notwithstanding any other provision of law, for any individual whose identity was fraudulently used to secure any type of compensation, if such individual never received such compensation, such compensation shall not be considered gross income and shall not be taxable for Kansas income tax purposes after determination by the department of revenue that the compensation was obtained fraudulently by another individual.

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

Sec. 11. K.S.A. 74-50,222 is hereby amended to read as follows: 74-50,222. As used in K.S.A. 74-50,222, 74-50,223 and 79-32,267, and amendments thereto:

(a) "Institution of higher education" means a public or private nonprofit educational institution that meets the requirements of participation in programs under the higher education act of 1965, as amended, 34 C.F.R. § 600;

(b) "rural opportunity zone" means ~~Allen, Anderson, Barber, Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay, Cloud, Coffey, Comanche, Decatur, Doniphan, Edwards, Elk,~~

~~Ellsworth, Gove, Graham, Grant, Gray, Greeley, Greenwood, Hamilton, Harper, Haskell, Hodgeman, Jackson, Jewell, Kearny, Kingman, Kiowa, Labette, Lane, Lincoln, Linn, Logan, Marion, Marshall, Meade, Mitchell, Montgomery, Morris, Morton, Nemaha, Neosho, Ness, Norton, Osborne, Ottawa, Pawnee, Phillips, Pratt, Rawlins, Republic, Rice, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens, Sumner, Trego, Thomas, Wabaunsee, Wallace, Washington, Wichita, Wilson or Woodson counties a county with a population of 40,000 persons or less;~~

(c) "secretary" means the secretary of commerce; and

(d) "student loan" means a federal student loan program supported by the federal government and a nonfederal loan issued by a lender such as a bank, savings and loan or credit union to help students and parents pay school expenses for attendance at an institution of higher education.

Sec. 12. K.S.A. 74-50,223 is hereby amended to read as follows: 74-50,223. (a) Any county that has been designated a rural opportunity zone pursuant to K.S.A. 74-50,222, and amendments thereto, may participate in the program provided in this section by authorizing such participation by the county commission of such county through a duly enacted written resolution. Such county shall provide a certified copy of such resolution to the secretary of commerce on or before January 1, 2012, for calendar year 2012, or on or before January 1 for each calendar year thereafter, in which a county chooses to participate. Such resolution shall obligate the county to participate in the program provided by this section for a period of five years, and shall be irrevocable. Such resolution shall specify the maximum amount of outstanding student loan balance for each resident individual to be repaid as provided in subsection (b), except the maximum amount of such balance shall be \$15,000.

(b) If a county submits a resolution as provided in subsection (a), under the program provided in this section, subject to subsection (d), the state of Kansas and such county which chooses to participate as provided in subsection (a), shall agree to pay in equal shares the outstanding student loan balance of any resident individual who qualifies to have such individual's student loans repaid under the provisions of subsection (c) over a five-year period, except that the maximum amount of such balance shall be \$15,000. The amount of such repayment shall be equal to 20% of the outstanding student loan balance of the individual in a year over the five-year repayment period. The state of Kansas is not obligated to pay the student loan balance of any resident individual who qualifies pursuant to subsection (c) prior to the county submitting a resolution to the secretary pursuant to subsection (a). Each such county shall certify to the secretary that such county has made the payment required by this subsection.

(c) A resident individual shall be entitled to have such individual's outstanding student loan balance paid for attendance at an institution of higher education where such resident individual earned an associate, bachelor or post-graduate degree under the provisions of this section when such resident individual establishes domicile in a county designated as a rural opportunity zone which participates in the program as provided in subsection (a), on and after the date in which such county commenced such participation, and prior to July 1, ~~2021~~ 2023. Such resident individual may enroll in this program in a form and manner prescribed by the secretary. Subject to subsection (d), once enrolled such resident individual shall be entitled to full participation in the program for five years, except that if the resident individual relocates outside the rural opportunity zone for which the resident individual first qualified, such resident individual forfeits such

individual's eligibility to participate, and obligations under this section of the state and the county terminate. No resident individual shall enroll and be eligible to participate in this program after June 30, ~~2024~~ 2023.

(d) The provisions of this act shall be subject to appropriation acts. Nothing in this act guarantees a resident individual a right to the benefits provided in this section. The county may continue to participate even if the state does not participate.

(e) The secretary shall adopt rules and regulations necessary to administer the provisions of this section.

(f) On January 1, 2012, and annually thereafter until January 1, ~~2022~~ 2024, the secretary of commerce shall report to the senate committee on assessment and taxation and the house of representatives committee on taxation as to how many residents applied for the rural opportunity zone tax credit.

Sec. 13. K.S.A. 79-3221 is hereby amended to read as follows: 79-3221. (a) All returns required by this act shall be made as nearly as practical in the same form as the corresponding form of income tax return by the United States. Unless another identifying number has been assigned to an individual by the internal revenue service for purposes of filing such individual's federal income tax return, the social security number issued to an individual, the individual's spouse, and all dependents of such individual for purposes of section 205(c)(2)(A) of the social security act shall be used as the identifying number and included on the return when filing such return.

(b) All returns shall be filed in the office of the director of taxation on or before the 15<sup>th</sup> day of the fourth month following the close of the taxable year, except as provided in subsection (c) ~~hereof~~. Tentative returns may be filed before the close of the taxable year and the estimated tax computed on such return, paid, but no interest will be paid on any overpayment of tax liability, computed on such tentative return.

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

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

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

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

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

(d) In the case of an individual serving in the armed forces of the

United States, or serving in support of such armed forces, in an area designated by the president of the United States by executive order as a "combat zone" as defined under 26 U.S.C. § 112 at any time during the period designated by the president by executive order as the period of combatant activities in such zone for the purposes of such section, or hospitalized as a result of injury received or sickness incurred while serving in such an area during such time, the period of service in such area, plus the period of continuous qualified hospitalization attributable to such injury or sickness, and the next 180 days thereafter, shall be disregarded in determining, under article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, in respect to any tax liability, including any interest, penalty, additional amount, or addition to the tax, of such individual:

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

(2) the amount of any credit or refund.

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

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

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

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

(h) (1) Notwithstanding the provisions of subsection (d), any action or proceeding authorized by K.S.A. 79-3229, and amendments thereto, as well as any other action or proceeding authorized by law in connection therewith, may be taken, begun or prosecuted. In any other case in which the secretary determines that collection of the amount of any assessment would be jeopardized by delay, the provisions of subsection (d) shall not operate to stay collection of such amount by levy or otherwise as authorized by law. There shall be excluded from

any amount assessed or collected pursuant to this subsection the amount of interest, penalty, additional amount, and addition to the tax, if any, in respect of the period disregarded under subsection (d). In any case to which this ~~subsections~~ *subsection* relates, if the secretary is required to give any notice to or make any demand upon any person, such requirement shall be deemed to be satisfied if the notice or demand is prepared and signed, in any case in which the address of such person last known to the secretary is in an area for which United States post offices under instructions of the postmaster general are not, by reason of the combatant activities, accepting mail for delivery at the time the notice or demand is signed. In such case the notice or demand shall be deemed to have been given or made upon the date it is signed.

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

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

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

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

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

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

(1) Any hospitalization outside the United States; and

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

Sec. 14. K.S.A. 79-32,212 is hereby amended to read as follows: 79-32,212. (a) For taxable years 2002 through ~~2024~~ 2024, there shall be allowed as a credit against the tax liability of a taxpayer imposed under the Kansas income tax act, an amount equal to 100% of the amount attributable to the retirement of indebtedness authorized by a single city port authority established before January 1, 2002. In no event shall the total amount of the credits allowed under this section exceed \$500,000 for any one fiscal year.

(b) Upon certification by the secretary of revenue of the amount of any such credit, the director of accounts and reports shall issue to such taxpayer a warrant for such amount which shall be deemed to be a capital contribution.

(c) For tax-year ~~years~~ 2013 ~~and all tax years thereafter through 2021~~, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to ~~subsection (e) of~~ K.S.A. 79-32,110(c), and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability.

*(d) For tax years 2022 through 2024, the income tax credit provided by this section shall be available to all taxpayers subject to the income tax imposed pursuant to K.S.A. 79-32,110, and amendments thereto, and shall be applied only against such taxpayer's income tax liability.*

Sec. 15. K.S.A. 79-32,267 is hereby amended to read as follows: 79-32,267. (a) For taxable years commencing after December 31, 2011, and before January 1, ~~2022~~ 2024, there shall be allowed as a credit against the tax liability of a resident individual taxpayer an amount equal to the resident individual's income tax liability under the provisions of the Kansas income tax act, when the resident individual:

(1) Establishes domicile in a rural opportunity zone on or after July 1, 2011, and prior to January 1, ~~2024~~ 2023, and was domiciled outside this state for five or more years immediately prior to establishing their domicile in a rural opportunity zone in this state;

(2) had Kansas source income less than \$10,000 in any one year for five or more years immediately prior to establishing their domicile in a rural opportunity zone in this state; and

(3) was domiciled in a rural opportunity zone during the entire taxable year for which such credit is claimed.

(b) A resident individual may claim the credit authorized by this section for not more than five consecutive years following establishment of their domicile in a rural opportunity zone.

(c) The maximum amount of any refund under this section shall be equal to the amount withheld from the resident individual's wages or payments other than wages pursuant to K.S.A. 79-3294 et seq., and amendments thereto, or paid by the resident individual as estimated taxes pursuant to K.S.A. 79-32,101 et seq., and amendments thereto.

(d) No credit shall be allowed under this section if:

(1) The resident individual's income tax return on which the credit is claimed is not timely filed, including any extension; or

(2) the resident individual is delinquent in filing any return with, or paying any tax due to, the state of Kansas or any political subdivision thereof.

(e) This section shall be a part of and supplemental to the Kansas income tax act.

Sec. 16. K.S.A. 74-50,222, 74-50,223, 79-3221, 79-32,212 and 79-32,267 are hereby repealed.

Sec. 17. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body

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SENATE adopted

Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

Passed the HOUSE

as amended \_\_\_\_\_

HOUSE adopted

Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*