
{As Amended by Senate Committee of the Whole}

As Amended by Senate Committee

Session of 2019

SENATE BILL No. 104

By Select Committee on Federal Tax Code Implementation

2-5

1 AN ACT concerning income taxation; enacting the Kansas taxpayer
2 protection act; relating to paid tax return preparers; requiring a
3 signature and tax identification number on returns and claims;
4 authorizing actions by the secretary of revenue to enjoin certain
5 conduct; ***establishing the golden years homestead property tax freeze***
6 ***act, residential property tax refunds; providing homestead property***
7 ***tax refund to disabled veteran renters; expanding expense deduction***
8 ***to all taxpayers; amending K.S.A. 2018 Supp. 79-32,143a, 79-4501,***
9 ***79-4502, 79-4508, 79-4509, 79-4511 and 79-4522 and repealing the***
10 ***existing sections***};
11

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

13 *{New}* Section 1. The provisions of sections 1 through 6, and
14 amendments thereto, shall be known and may be cited as the Kansas
15 taxpayer protection act.

16 *{New}* Sec. 2. As used in this act:

17 (a) "Paid tax return preparer" means any person who prepares or
18 substantially prepares for compensation, or who employs one or more
19 persons who prepare or substantially prepare for compensation, any
20 income tax return or claim for refund, required to be filed pursuant to
21 K.S.A. 79-3201 et seq., and amendments thereto. "Paid tax return
22 preparer" does not include ~~a person regulated under chapter 1 of the~~
23 ~~Kansas Statutes Annotated, and amendments thereto, or~~ ***the following:***

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

26 ***(2) an individual licensed as a certified public accountant in***
27 ***another licensing jurisdiction and practicing in this state under K.S.A.***
28 ***1-302b or 1-322, and amendments thereto;***

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

32 ***(4) any members of the public accountants association of Kansas.***

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

2 *{New}* Sec. 3. (a) On and after January 1, 2020, any income tax return
3 or claim for refund prepared or substantially prepared by a paid tax return
4 preparer shall be signed by the paid tax return preparer and shall bear the
5 paid tax return preparer's federal internal revenue service preparer tax
6 identification number. Any paid tax return preparer who fails to sign the
7 income tax return or claim for refund or who fails to provide the preparer's
8 federal internal revenue service preparer tax identification number shall
9 pay a civil penalty of \$50 for each such failure to the Kansas department
10 of revenue, unless it can be shown that the failure was due to reasonable
11 cause and not willful or reckless conduct. The penalty imposed on any
12 paid tax return preparer with respect to returns or claims for refund filed
13 during any calendar year shall not exceed \$25,000 per paid tax return
14 preparer.

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

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

26 *{New}* Sec. 4. (a) The secretary or the secretary's designee is hereby
27 authorized to enjoin any person from engaging in conduct described in
28 subsection (b) or from further action as a paid tax return preparer under the
29 provisions of the Kansas taxpayer protection act who is found to be in
30 violation of this act and the secretary or the secretary's designee shall be
31 entitled, in any proceeding brought for such purpose to have an order
32 restraining such person from engaging in conduct in violation of the
33 provisions of this act, and no bond shall be required for any such
34 restraining order, nor for any temporary or permanent injunction issued in
35 such proceedings. The secretary may commence suit in a court of
36 competent jurisdiction to enjoin any paid tax return preparer from further
37 engaging in any conduct described in subsection (b) or from further action
38 as a paid tax return preparer in this state. The secretary may request the
39 assistance of the attorney general or the attorney general's duly authorized
40 designee to enforce provisions of this section.

41 (b) In an action pursuant to subsection (a), the court may enjoin the
42 paid tax return preparer from further engaging in any conduct described in
43 this subsection, if the court finds that injunctive relief is appropriate to

1 prevent occurrence of such conduct. The court may issue an injunction
2 when the paid tax return preparer has engaged in any of the following
3 conduct:

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

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

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

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

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

16 (C) furnish an identifying number;

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

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

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

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

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

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

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

32 (c) If the court finds that a paid tax return preparer has continually or
33 repeatedly engaged in any conduct described in subsection (b) and that an
34 injunction prohibiting the conduct would not be sufficient to prevent the
35 person's interference with the proper administration of the tax laws of the
36 state of Kansas, the court may enjoin the person from acting as a paid tax
37 return preparer in the state of Kansas. The fact that the person has been
38 enjoined from preparing tax returns or claims for refund for the United
39 States or any other state in the five years preceding the petition for an
40 injunction shall establish a prima facie case for an injunction to be issued
41 pursuant to this section. For purposes of this subsection, "state" means a
42 state of the United States, the District of Columbia, Puerto Rico, the
43 United States Virgin Islands or any territory or insular possession subject

1 to the jurisdiction of the United States.

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

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

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

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

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

28 **{New Sec. 7. The provisions of sections 7 through 23, and**
29 **amendments thereto, shall be known as and may be cited as the golden**
30 **years homestead property tax freeze act. The purpose of this act shall be**
31 **to provide refunds arising from increased ad valorem tax assessments to:**
32 **(a) Certain persons who are of qualifying age and who own their**
33 **homesteads; or (b) certain persons who have a disability as a result of**
34 **military service and who own their homesteads.**

35 **New Sec. 8. As used in this act:**

36 **(a) "Act" means the golden years homestead property tax freeze**
37 **act.**

38 **(b) "Base year" means the year in which an individual becomes an**
39 **eligible claimant and who is also eligible for a claim for refund pursuant**
40 **to section 22, and amendments thereto. For any individual who would**
41 **otherwise be an eligible claimant prior to 2018, such base year shall be**
42 **deemed to be 2018 for the purposes of this act. In the event an individual**
43 **is no longer an eligible claimant under this act, the individual shall**

1 *establish a new base year in the year that the individual becomes an*
2 *eligible claimant.*

3 *(c) "Claimant" means a person who has filed a claim under the*
4 *provisions of this act and was, during the entire calendar year preceding*
5 *the year in which such claim was filed for refund under this act, except*
6 *as provided in section 9, and amendments thereto, both domiciled in this*
7 *state and was: (1) A person who is 65 years of age or older; or (2) a*
8 *disabled veteran. The surviving spouse of a person 65 years of age or*
9 *older or a disabled veteran who was receiving benefits pursuant to this*
10 *section at the time of the claimant's death, shall be eligible to continue to*
11 *receive benefits until such time the surviving spouse remarries.*

12 *(d) "Disabled veteran" means a person who is a resident of Kansas*
13 *and has been honorably discharged from active service in any branch of*
14 *the armed forces of the United States or the Kansas national guard and*
15 *who has been certified by the United States department of veterans*
16 *affairs or its successor to have a 50% permanent disability sustained*
17 *through military action or accident or resulting from a disease*
18 *contracted while in such active service.*

19 *(e) "Homestead" means the dwelling, or any part thereof, owned*
20 *and occupied as a residence by the household and so much of the land*
21 *surrounding it, as defined as a home site for ad valorem tax purposes,*
22 *and may consist of a part of a multi-dwelling or multi-purpose building*
23 *and a part of the land upon which it is built or a manufactured home or*
24 *mobile home and the land upon which it is situated. "Owned" includes*
25 *one or more joint tenants or tenants in common.*

26 *When a homestead is occupied by two or more individuals and more*
27 *than one of the individuals is able to qualify as a claimant, the*
28 *individuals may determine between them as to who the claimant will be.*
29 *If they are unable to agree, the matter shall be referred to the secretary*
30 *of revenue, whose decision shall be final.*

31 *(f) "Household" means a claimant, a claimant and spouse who*
32 *occupy the homestead or a claimant and one or more individuals not*
33 *related as married individuals who together occupy a homestead.*

34 *(g) "Household income" means all income received by all persons*
35 *of a household in a calendar year while members of such household.*

36 *(h) "Income" means the sum of adjusted gross income under the*
37 *Kansas income tax act effective for tax year 2019, and tax years*
38 *thereafter, without regard to any maintenance, support money, cash*
39 *public assistance and relief, not including any refund granted under this*
40 *act, the gross amount of any pension or annuity, including all monetary*
41 *retirement benefits from whatever source derived, including, but not*
42 *limited to, all payments received under the railroad retirement act,*
43 *except disability payments, payments received under the federal social*

1 *security act, except that for determination of what constitutes income,*
2 *such amount shall not exceed 50% of any such social security payments*
3 *and shall not include any social security payments to a claimant who,*
4 *prior to attaining full retirement age, had been receiving disability*
5 *payments under the federal social security act in an amount not to*
6 *exceed the amount of such disability payments or 50% of any such social*
7 *security payments, whichever is greater, all dividends and interest from*
8 *whatever source derived not included in adjusted gross income, workers*
9 *compensation and the gross amount of loss of time insurance. Income*
10 *does not include gifts from nongovernmental sources or surplus food or*
11 *other relief in kind supplied by a governmental agency, nor shall net*
12 *operating losses and net capital losses be considered in the*
13 *determination of income. Income does not include veterans disability*
14 *pensions or disability payments received under the federal social security*
15 *act.*

16 (i) *"Property taxes accrued" means property taxes, exclusive of*
17 *special assessments, delinquent interest and charges for service, levied*
18 *on a claimant's homestead in 2018 or any calendar year thereafter by*
19 *the state of Kansas and the political and taxing subdivisions of the state.*
20 *When a homestead is owned by two or more persons or entities as joint*
21 *tenants or tenants in common and one or more of the persons or entities*
22 *is not a member of the claimant's household, "property taxes accrued"*
23 *is that part of property taxes levied on the homestead that reflects the*
24 *ownership percentage of the claimant's household. For purposes of this*
25 *act, property taxes are levied when the tax roll is delivered to the local*
26 *treasurer with the treasurer's warrant for collection. When a claimant*
27 *and household own their homestead for only a part of a calendar year,*
28 *"property taxes accrued" means only taxes levied on the homestead*
29 *when both owned and occupied as a homestead by the claimant's*
30 *household at the time of the levy, multiplied by the percentage of 12*
31 *months that the property was owned and occupied by the household as*
32 *its homestead in that year. When a household owns and occupies two or*
33 *more different homesteads in the same calendar year, property taxes*
34 *accrued shall be the sum of the taxes allocable to those several*
35 *properties while occupied by the household as its homesteads during the*
36 *year. Whenever a homestead is an integral part of a larger unit such as a*
37 *multi-purpose or multi-dwelling building, property taxes accrued shall*
38 *be that percentage of the total property taxes that is equal to the*
39 *percentage of the value of the homestead compared to the total unit's*
40 *value. For the purpose of this act, the word "unit" refers to that parcel*
41 *of property covered by a single tax statement of which the homestead is a*
42 *part.*

43 *New Sec. 9. The right to file a claim under this act may be exercised*

1 *on behalf of a claimant by such person's legal guardian, conservator or*
2 *attorney-in-fact. When a claimant dies after having filed a timely claim,*
3 *the amount thereof shall be disbursed to another member of the*
4 *household as determined by the director of taxation. If the claimant was*
5 *the only member of such person's household, the claim may be paid to*
6 *such person's executor or administrator, but if neither is appointed and*
7 *qualified, the amount of the claim may be paid upon a claim duly made*
8 *to any heir at law. In the absence of any such claim within two years of*
9 *the filing of the claim, the amount of the claim shall escheat to the state.*
10 *When a person who would otherwise be entitled to file a claim under the*
11 *provisions of this act dies prior to filing such claim, another member of*
12 *such person's household may file such claim in the name of such*
13 *decedent, subject to the deadline prescribed by section 11, and*
14 *amendments thereto, and the director shall pay the amount to which the*
15 *decedent would have been entitled to such person filing the claim. If the*
16 *decedent was the only member of such person's household, the*
17 *decedent's executor or administrator may file such claim in the name of*
18 *the decedent, and the claim shall be paid to the executor or*
19 *administrator. In the event that neither an executor or administrator is*
20 *appointed and qualified, such claim may be made by any heir at law and*
21 *the claim shall be payable to such heir at law. Any of the foregoing*
22 *provisions shall be applicable in any case where the decedent dies in the*
23 *calendar year preceding the year in which a claim may be made under*
24 *the provisions of this act, if such decedent was a resident of or domiciled*
25 *in this state during the entire part of such year that such decedent was*
26 *living. Where the decedent's death occurs during the calendar year*
27 *preceding the year in which a claim may be made, the amount of the*
28 *claim that would have been allowable if the decedent had been a resident*
29 *of or domiciled in this state the entire calendar year of such person's*
30 *death shall be reduced in a proportionate amount equal to a fraction of*
31 *the claim otherwise allowable, the numerator of which fraction is the*
32 *number of months in such calendar year following the month of the*
33 *decedent's death, and the denominator of which is 12.*

34 *New Sec. 10. A claimant may claim property tax relief under this*
35 *act with respect to property taxes accrued and, after audit by the director*
36 *of taxation with respect to this act, the allowable amount of such claim*
37 *shall be paid, except as otherwise provided in sections 12, 21 and 23, and*
38 *amendments thereto, to the claimant from the income tax refund fund*
39 *upon warrants of the director of accounts and reports pursuant to*
40 *vouchers approved by the director of taxation or by any person*
41 *designated by the claimant, but no warrant issued shall be drawn in an*
42 *amount of less than \$5. No interest shall be allowed on any payment*
43 *made to a claimant pursuant to this act.*

1 *New Sec. 11. Except as provided in section 20, and amendments*
2 *thereto, no claim in respect of property taxes levied in any year shall be*
3 *paid or allowed unless such claim is actually filed with and in the*
4 *possession of the department of revenue on or before April 15 of the year*
5 *next succeeding the year in which such taxes were levied.*

6 *New Sec. 12. The amount of any claim otherwise payable under*
7 *this act may be applied by the director of taxation against any liability*
8 *outstanding on the books of the department of revenue against the*
9 *claimant, or against any other individual who was a member of such*
10 *person's household in the year that the claim relates.*

11 *New Sec. 13. Only one claimant per household per year shall be*
12 *entitled to relief under this act.*

13 *New Sec. 14. (a) Commencing in tax year 2019, and all tax years*
14 *thereafter, the amount of any claim pursuant to this act shall be*
15 *computed by deducting the homestead ad valorem tax amount in the tax*
16 *year the refund is sought from the amount of a claimant's base year*
17 *homestead ad valorem tax amount.*

18 *(b) The amount of claim shall be computed only to the nearest \$1.*

19 *(c) A taxpayer shall not be eligible for a claim pursuant to this act if*
20 *such taxpayer has received for such property for such tax year either:*
21 *(1) A homestead property tax refund pursuant to K.S.A. 79-4501 et seq.,*
22 *and amendments thereto; or (2) the selective assistance for effective*
23 *senior relief (SAFESR) credit pursuant to K.S.A. 2018 Supp. 79-32,263,*
24 *and amendments thereto.*

25 *New Sec. 15. In administering this act, the director of taxation shall*
26 *make available suitable forms with instructions for claimants. Copies of*
27 *such forms shall also be made available to all county clerks and county*
28 *treasurers in sufficient numbers to supply claimants residing in their*
29 *respective counties. It shall be the duty of the county clerk to assist any*
30 *claimant seeking assistance in the filing of a claim under the provisions*
31 *of this act. The county treasurer of each county shall mail to each*
32 *taxpayer, with the property tax statement of such taxpayer, information*
33 *on eligibility for relief under this act to be provided by the secretary of*
34 *revenue.*

35 *The secretary of revenue is hereby authorized to adopt such rules and*
36 *regulations as may be necessary for the administration of the provisions*
37 *of this act.*

38 *New Sec. 16. (a) Every claimant under this act shall supply to the*
39 *director of taxation, in support of a claim, reasonable proof of age and*
40 *changes of homestead, household membership, household income,*
41 *household assets and size and nature of property claimed as the*
42 *homestead.*

43 *(b) Every claimant who is a homestead owner, or whose claim is*

1 *based wholly or partly upon homestead ownership at some time during*
2 *the calendar year, shall supply to the director of taxation, in support of a*
3 *claim, the amount of property taxes levied upon the property claimed as*
4 *a homestead and a statement that the property taxes accrued used for*
5 *purposes of this act have been or will be paid by the claimant. Upon*
6 *request by the director, such claimant shall provide a copy of the*
7 *statement of property taxes levied upon the property claimed as a*
8 *homestead. The amount of personal property taxes levied on a*
9 *manufactured home or mobile home shall be set out on the personal*
10 *property tax statement showing the amount of such tax as a separate*
11 *item.*

12 *(c) The information required to be furnished under subsection (b)*
13 *shall be in addition to that required under subsection (a).*

14 *New Sec. 17. In any case in which it is determined that a claim is or*
15 *was excessive and was filed with fraudulent intent, the claim shall be*
16 *disallowed in full, and, if the claim has been paid, the amount paid may*
17 *be recovered by assessment as income taxes are assessed, and such*
18 *assessment shall bear interest from the date of payment or credit of the*
19 *claim, until recovered, at the rate of 1% per month. The claimant in*
20 *such case and any person who assisted in the preparation or filing of*
21 *such excessive claim, or supplied information upon which such*
22 *excessive claim was prepared, with fraudulent intent, shall be guilty of a*
23 *class B misdemeanor. In any case in which it is determined that a claim*
24 *is or was excessive and was negligently prepared, 10% of the corrected*
25 *claim shall be disallowed, and, if the claim has been paid, the proper*
26 *portion of any amount paid shall be similarly recovered by assessment as*
27 *income taxes are assessed, and such assessment shall bear interest at the*
28 *rate of 1% per month from the date of payment until recovered. In any*
29 *case in which it is determined that a claim is or was excessive due to the*
30 *fact that the claimant neglected to include certain income received*
31 *during the year, the claim shall be corrected and the excess disallowed,*
32 *and, if the claim has been paid, the proper portion of any amount paid*
33 *shall be similarly recovered by assessment as income taxes are assessed.*

34 *New Sec. 18. No claim for relief under the provisions of this act*
35 *shall be allowed to any claimant who is a recipient of public funds*
36 *specifically designated for the payment of taxes during the period for*
37 *which the claim is filed.*

38 *New Sec. 19. A claim shall be disallowed if the director of taxation*
39 *finds that the claimant received title to such person's homestead*
40 *primarily for the purpose of receiving benefits under this act.*

41 *New Sec. 20. For claims in respect to property taxes levied in any*
42 *year, the director of taxation may extend the time for filing any claim or*
43 *accept a claim filed after the filing deadline when good cause exists, if*

1 *the claim has been filed within four years of the deadline.*

2 *New Sec. 21. (a) The director of taxation shall issue to the county*
3 *clerk by October 15 of each year an electronic record containing the*
4 *name of each eligible claimant who received a refund of property taxes*
5 *under this act for the prior year.*

6 *(b) When initially filing a claim under this act, the claimant shall*
7 *be given an election to receive such refund directly from the director of*
8 *taxation or have such refund applied to the claimant's ad valorem taxes*
9 *in the county. The claimant shall make the election on a form supplied*
10 *by the director of taxation. Such refund shall not be applied to any*
11 *special assessment.*

12 *(c) After the electronic record under subsection (a) has been*
13 *received from the director of taxation, the county clerk of the county in*
14 *which the property is located shall make any corrections needed, if any,*
15 *based upon information known by the county clerk concerning any*
16 *change in eligibility of any claimant listed in such record. After any*
17 *needed corrections have been made to the electronic record, the county*
18 *clerk, on behalf of each claimant listed in such record, shall certify the*
19 *information contained in such record to the county treasurer in lieu of*
20 *paying that portion of the first half of taxes on the claimant's homestead*
21 *in the current year, which equals the amount of the golden years*
22 *homestead property tax freeze refund received by the claimant for taxes*
23 *levied in the preceding year up to the amount of the first half of the*
24 *property taxes due.*

25 *(d) The county treasurer shall certify and return the electronic*
26 *record referred to in subsection (a), including any changes made by the*
27 *county clerk pursuant to subsection (c), to the director of taxation by*
28 *December 31 of each year. After receiving a claim of any claimant who*
29 *is listed in the electronic record submitted by the county treasurer, the*
30 *director shall examine the same, and, if the claim is valid, the director of*
31 *accounts and reports shall draw a warrant in favor of the county in*
32 *which the claimant's homestead is located upon a voucher approved by*
33 *the director of taxation in the amount of the allowable claim for refund.*
34 *Sufficient information to identify the claimant shall be directed to the*
35 *county treasurer with each warrant. Any taxes levied in any year on the*
36 *homestead of any claimant who has obtained the eligibility herein*
37 *provided for in excess of the amount paid to the county by the state and*
38 *by the claimant on or before December 20 of such year shall be paid by*
39 *the claimant on or before May 10 of the succeeding year.*

40 *(e) For the purposes of this section, "electronic record" shall have*
41 *the meaning ascribed to it in K.S.A. 16-1602, and amendments thereto.*

42 *New Sec. 22. A claimant shall only be eligible for a claim for*
43 *refund under this act if: (a) The household income for the year in which*

1 *the claim is filed is \$50,000 or less; and (b) the appraised value of the*
2 *homestead is \$350,000 or less.*

3 *New Sec. 23. If there are delinquent property taxes on the*
4 *claimant's homestead, the refund shall be paid to the county treasurer of*
5 *the county in which such homestead is located and applied first to the*
6 *oldest of such delinquent property taxes and applied forward to the most*
7 *recent delinquent property taxes and then to any other property taxes*
8 *due on the claimant's homestead.*

9 *Sec. 24. K.S.A. 2018 Supp. 79-4501 is hereby amended to read as*
10 *follows: 79-4501. The title of this act shall be the homestead property tax*
11 *refund act. The purpose of this act shall be to provide ad valorem tax*
12 *refunds to: (a) Certain persons who are of qualifying age who own their*
13 *homestead; (b) certain persons who have a disability, who own or rent*
14 *their homestead; and (c) certain persons other than persons included*
15 *under the provisions of subsection (a) or (b) who have low incomes and*
16 *dependent children and own their homestead.*

17 *Sec. 25. K.S.A. 2018 Supp. 79-4502 is hereby amended to read as*
18 *follows: 79-4502. As used in this act, unless the context clearly indicates*
19 *otherwise:*

20 *(a) "Income" means the sum of adjusted gross income under the*
21 *Kansas income tax act effective for tax year 2013 and thereafter without*
22 *regard to any modifications pursuant to K.S.A. 79-32,117(b)(xx) through*
23 *(xxiii) and (c)(xx), and amendments thereto, maintenance, support*
24 *money, cash public assistance and relief, not including any refund*
25 *granted under this act, the gross amount of any pension or annuity,*
26 *including all monetary retirement benefits from whatever source*
27 *derived, including but not limited to, all payments received under the*
28 *railroad retirement act, except disability payments, payments received*
29 *under the federal social security act, except that for determination of*
30 *what constitutes income such amount shall not exceed 50% of any such*
31 *social security payments and shall not include any social security*
32 *payments to a claimant who prior to attaining full retirement age had*
33 *been receiving disability payments under the federal social security act*
34 *in an amount not to exceed the amount of such disability payments or*
35 *50% of any such social security payments, whichever is greater, all*
36 *dividends and interest from whatever source derived not included in*
37 *adjusted gross income, workers compensation and the gross amount of*
38 *"loss of time" insurance. Income does not include gifts from*
39 *nongovernmental sources or surplus food or other relief in kind supplied*
40 *by a governmental agency, nor shall net operating losses and net capital*
41 *losses be considered in the determination of income. Income does not*
42 *include veterans disability pensions. Income does not include disability*
43 *payments received under the federal social security act.*

1 **(b) "Household" means a claimant, a claimant and spouse who**
2 **occupy the homestead or a claimant and one or more individuals not**
3 **related as husband and wife who together occupy a homestead.**

4 **(c) "Household income" means all income received by all persons**
5 **of a household in a calendar year while members of such household.**

6 **(d) "Homestead" means the dwelling, or any part thereof, whether**
7 **owned and or rented that is occupied as a residence by the household and**
8 **so much of the land surrounding it, as defined as a home site for ad**
9 **valorem tax purposes, and may consist of a part of a multi-dwelling or**
10 **multi-purpose building and a part of the land upon which it is built or a**
11 **manufactured home or mobile home and the land upon which it is**
12 **situated. "Owned" includes a vendee in possession under a land**
13 **contract, a life tenant, a beneficiary under a trust and one or more joint**
14 **tenants or tenants in common.**

15 **(e) "Claimant" means a person who has filed a claim under the**
16 **provisions of this act and was, during the entire calendar year preceding**
17 **the year in which such claim was filed for refund under this act, except**
18 **as provided in K.S.A. 79-4503, and amendments thereto, both domiciled**
19 **in this state and was: (1) A person having a disability; (2) a person who**
20 **is 55 years of age or older; (3) a disabled veteran; (4) the surviving**
21 **spouse of active duty military personnel who died in the line of duty; or**
22 **(5) a person other than a person included under paragraph (1), (2), (3)**
23 **or (4) having one or more dependent children under 18 years of age**
24 **residing at the person's homestead during the calendar year immediately**
25 **preceding the year in which a claim is filed under this act. The surviving**
26 **spouse of a disabled veteran who was receiving benefits pursuant to**
27 **subsection (e)(3) of this section at the time of the veterans' death, shall**
28 **be eligible to continue to receive benefits until such time the surviving**
29 **spouse remarries.**

30 **When a homestead is occupied by two or more individuals and more**
31 **than one of the individuals is able to qualify as a claimant, the**
32 **individuals may determine between them as to whom the claimant will**
33 **be. If they are unable to agree, the matter shall be referred to the**
34 **secretary of revenue whose decision shall be final.**

35 **(f) "Property taxes accrued" means property taxes, exclusive of**
36 **special assessments, delinquent interest and charges for service, levied**
37 **on a claimant's homestead in 1979 or any calendar year thereafter by**
38 **the state of Kansas and the political and taxing subdivisions of the state.**
39 **When a homestead is owned by two or more persons or entities as joint**
40 **tenants or tenants in common and one or more of the persons or entities**
41 **is not a member of claimant's household, "property taxes accrued" is**
42 **that part of property taxes levied on the homestead that reflects the**
43 **ownership percentage of the claimant's household. For purposes of this**

1 *act, property taxes are "levied" when the tax roll is delivered to the local*
2 *treasurer with the treasurer's warrant for collection. When a claimant*
3 *and household own their homestead part of a calendar year, "property*
4 *taxes accrued" means only taxes levied on the homestead when both*
5 *owned and occupied as a homestead by the claimant's household at the*
6 *time of the levy, multiplied by the percentage of 12 months that the*
7 *property was owned and occupied by the household as its homestead in*
8 *the year. When a household owns and occupies two or more different*
9 *homesteads in the same calendar year, property taxes accrued shall be*
10 *the sum of the taxes allocable to those several properties while occupied*
11 *by the household as its homestead during the year. Whenever a*
12 *homestead is an integral part of a larger unit such as a multi-purpose or*
13 *multi-dwelling building, property taxes accrued shall be that percentage*
14 *of the total property taxes accrued as the value of the homestead is of the*
15 *total value. For the purpose of this act, the word "unit" refers to that*
16 *parcel of property covered by a single tax statement of which the*
17 *homestead is a part.*

18 (g) *"Disability" means:*

19 (1) *Inability to engage in any substantial gainful activity by reason*
20 *of any medically determinable physical or mental impairment which can*
21 *be expected to result in death or has lasted or can be expected to last for*
22 *a continuous period of not less than 12 months, and an individual shall*
23 *be determined to be under a disability only if the physical or mental*
24 *impairment or impairments are of such severity that the individual is not*
25 *only unable to do the individual's previous work but cannot, considering*
26 *age, education and work experience, engage in any other kind of*
27 *substantial gainful work which exists in the national economy,*
28 *regardless of whether such work exists in the immediate area in which*
29 *the individual lives or whether a specific job vacancy exists for the*
30 *individual, or whether the individual would be hired if application was*
31 *made for work. With respect to any individual, for purposes of the*
32 *preceding sentence (with respect to any individual), "work which exists*
33 *in the national economy" means work which exists in significant*
34 *numbers either in the region where the individual lives or in several*
35 *regions of the country; for purposes of this subsection, a "physical or*
36 *mental impairment" is an impairment that results from anatomical,*
37 *physiological or psychological abnormalities which are demonstrable by*
38 *medically acceptable clinical and laboratory diagnostic techniques; or*

39 (2) *blindness and inability by reason of blindness to engage in*
40 *substantial gainful activity requiring skills or abilities comparable to*
41 *those of any gainful activity in which the individual has previously*
42 *engaged with some regularity and over a substantial period of time.*

43 (h) *"Blindness" means central visual acuity of $\frac{20}{200}$ or less in the*

1 *better eye with the use of a correcting lens. An eye which is accompanied*
 2 *by a limitation in the fields of vision such that the widest diameter of the*
 3 *visual field subtends an angle no greater than 20 degrees shall be*
 4 *considered for the purpose of this paragraph as having a central visual*
 5 *acuity of ²⁰/₂₀₀ or less.*

6 (i) *"Disabled veteran" means a person who is a resident of Kansas*
 7 *and has been honorably discharged from active service in any branch of*
 8 *the armed forces of the United States or Kansas national guard and who*
 9 *has been certified by the United States department of veterans affairs or*
 10 *its successor to have a 50% permanent disability sustained through*
 11 *military action or accident or resulting from disease contracted while in*
 12 *such active service.*

13 (j) *"Gross rent" means the rental paid at arm's length solely for the*
 14 *right of occupancy of a homestead or space rental paid to a landlord for*
 15 *the parking of a mobile home, exclusive of charges for any utilities,*
 16 *services, furniture and furnishings or personal property appliances*
 17 *furnished by the landlord as a part of the rental agreement, whether or not*
 18 *expressly set out in the rental agreement. Whenever the director of*
 19 *taxation finds that the landlord and tenant have not dealt with each other*
 20 *at arm's length and that the gross rent charge was excessive, the director*
 21 *may adjust the gross rent to a reasonable amount for the purpose of the*
 22 *claim.*

23 (k) *"Rent constituting property taxes accrued" means 15% of the*
 24 *gross rent actually paid in cash or its equivalent in 2019 or any taxable*
 25 *year thereafter by a claimant and claimant's household solely for the right*
 26 *of occupancy of a Kansas homestead on which ad valorem property taxes*
 27 *were levied in full for that year. When a household occupies two or more*
 28 *different homesteads in the same calendar year, rent constituting property*
 29 *taxes accrued shall be computed by adding the rent constituting property*
 30 *taxes accrued for each property rented by the household while occupied*
 31 *by the household as its homestead during the year. For the provisions of*
 32 *this subsection, a claimant shall only include those persons satisfying the*
 33 *requirements of subsection (e)(3).*

34 **Sec. 26. K.S.A. 2018 Supp. 79-4508 is hereby amended to read as**
 35 **follows: 79-4508. (a) Commencing in the tax year beginning after**
 36 **December 31, 2005 2019, the amount of any claim pursuant to this act**
 37 **shall be computed by deducting the amount computed under column (2)**
 38 **from the amount of claimant's property tax accrued or rent constituting**
 39 **property tax accrued, or both.**

40 (1)

41 **Claimants household income**

40 (2)

41 **Deduction from property tax**
 42 **accrued or rent constituting property**
 43 **tax accrued, or both**

1		<i>But not</i>	
2	<i>At least</i>	<i>more than</i>	
3	\$0	\$6,000	\$0
4	6,001	7,000	4%
5	7,001	16,000	4% plus 4% of every \$1,000 or
6			fraction thereof, of income in
7			excess of \$7,001
8	16,001	27,000	40% plus 5% of every \$1,000,
9			or fraction thereof, of income in
10			excess of \$16,001
11	27,001	27,600	95%

12 *(b) The director of taxation shall prepare a table under which*
 13 *claims under this act shall be determined. The amount of claim for each*
 14 *bracket shall be computed only to the nearest \$1.*

15 *(c) The claimant may elect not to record the amount claimed on the*
 16 *claim. The claim allowable to persons making this election shall be*
 17 *computed by the department which shall notify the claimant by mail of*
 18 *the amount of the allowable claim.*

19 *(d) In the case of all tax years commencing after December 31, 2004,*
 20 *The upper limit threshold amount prescribed in this section, shall be*
 21 *increased by an amount equal to such threshold amount multiplied by*
 22 *the cost-of-living adjustment determined under section 1(f)(3) of the*
 23 *federal internal revenue code for the calendar year in which the taxable*
 24 *year commences.*

25 *Sec. 27. K.S.A. 2018 Supp. 79-4509 is hereby amended to read as*
 26 *follows: 79-4509. In the event property taxes accrued or rent constituting*
 27 *property tax accrued, or the sum of both, exceeds \$700 for a household in*
 28 *any one year, the amount thereof shall, for purposes of this act, be*
 29 *deemed to have been \$700.*

30 *Sec. 28. K.S.A. 2018 Supp. 79-4511 is hereby amended to read as*
 31 *follows: 79-4511. (a) Every claimant under this act shall supply to the*
 32 *division, in support of a claim, reasonable proof of age or disability, and*
 33 *changes of homestead, household membership, household income, and*
 34 *size and nature of property claimed as the homestead. A claim alleging*
 35 *disability shall be supported by a report of the examining physician of*
 36 *the claimant with a statement or certificate that the applicant has a*
 37 *disability within the meaning of subsection (g) of K.S.A. 79-4502(g), and*
 38 *amendments thereto.*

39 *(b) Every claimant who is a homestead owner, or whose claim is*
 40 *based wholly or partly upon homestead ownership at some time during*
 41 *the calendar year, shall supply to the division, in support of a claim, the*
 42 *amount of property taxes levied upon the property claimed as a*
 43 *homestead and a statement that the property taxes accrued used for*

1 *purposes of this act have been or will be paid by the claimant. Upon*
2 *request by the division, such claimant shall provide a copy of the*
3 *statement of property taxes levied upon the property claimed as a*
4 *homestead. The amount of personal property taxes levied on a*
5 *manufactured home or mobile home shall be set out on the personal*
6 *property tax statement showing the amount of such tax as a separate*
7 *item.*

8 *(c) Every claimant who is a homestead renter, or whose claim is*
9 *based wholly or partly upon homestead rental at some time during the*
10 *calendar year, shall supply to the division, in support of a claim, a*
11 *statement prescribed by the director certifying the amount of gross rent*
12 *paid and that ad valorem property taxes were levied in full that year on the*
13 *property, all or a part of which was rented by the claimant. When such*
14 *claimant reports household income that is 150% or less of the homestead*
15 *rental amount and has failed to provide any documentation or information*
16 *requested by the division to verify such household income in support of a*
17 *claim as required pursuant to subsection (a), within 30 days of such*
18 *request, such homestead property tax refund claim shall be denied. **The***
19 ***information required to be furnished under this subsection or subsection***
20 ***(b) shall be in addition to that required under subsection (a).***

21 *Sec. 29. K.S.A. 2018 Supp. 79-4522 is hereby amended to read as*
22 *follows: 79-4522. A person owning or occupying a homestead that is not*
23 *rental property and for which the appraised valuation for property tax*
24 *purposes exceeds \$350,000 in any year shall not be entitled to claim a*
25 *refund of property taxes under the homestead property tax refund act for*
26 *any such year. The provisions of this section shall be part of and*
27 *supplemental to the homestead property tax refund act.*

28 *Sec. 30. K.S.A. 2018 Supp. 79-32,143a is hereby amended to read as*
29 *follows: 79-32,143a. (a) For taxable years beginning after December 31,*
30 *2011, a taxpayer may elect to take an expense deduction from Kansas*
31 *net income before expensing or recapture allocated or apportioned to*
32 *this state for the cost of the following property placed in service in this*
33 *state during the taxable year: (1) Tangible property eligible for*
34 *depreciation under the modified accelerated cost recovery system in*
35 *section 168 of the internal revenue code, as amended, but not including*
36 *residential rental property, nonresidential real property, any railroad*
37 *grading or tunnel bore or any other property with an applicable recovery*
38 *period in excess of 25 years as defined under section 168(c) or (g) of the*
39 *internal revenue code, as amended; and (2) computer software as*
40 *defined in section 197(e)(3)(B) of the internal revenue code, as*
41 *amended, and as described in section 197(e)(3)(A)(i) of the internal*
42 *revenue code, as amended, to which section 167 of the internal revenue*
43 *code, as amended, applies. If such election is made, the amount of*

1 *expense deduction for such cost shall equal the difference between the*
2 *depreciable cost of such property for federal income tax purposes and*
3 *the amount of bonus depreciation being claimed for such property*
4 *pursuant to section 168(k) of the internal revenue code, as amended, for*
5 *federal income tax purposes in such tax year, but without regard to any*
6 *expense deduction being claimed for such property under section 179 of*
7 *the internal revenue code, as amended, multiplied by the applicable*
8 *factor, determined by using, the table provided in subsection (f), based*
9 *on the method of depreciation selected pursuant to section 168(b)(1), (2),*
10 *or (3) or (g) of the internal revenue code, as amended, and the*
11 *applicable recovery period for such property as defined under section*
12 *168(c) or (g) of the internal revenue code, as amended. This election*
13 *shall be made by the due date of the original return, including any*
14 *extensions, and may be made only for the taxable year in which the*
15 *property is placed in service, and once made, shall be irrevocable. If the*
16 *section 179 expense deduction election has been made for federal*
17 *income tax purposes for any asset, the applicable factor to be utilized is*
18 *in the IRC § 168 (b)(1) column of the table provided in subsection (f) for*
19 *the applicable recovery period of the respective assets.*

20 *(b) If the amount of expense deduction calculated pursuant to*
21 *subsection (a) exceeds the taxpayer's Kansas net income before*
22 *expensing or recapture allocated or apportioned to this state, such*
23 *excess amount shall be treated as a Kansas net operating loss as*
24 *provided in K.S.A. 79-32,143, and amendments thereto.*

25 *(c) If the property for which an expense deduction is taken*
26 *pursuant to subsection (a) is subsequently sold during the applicable*
27 *recovery period for such property as defined under section 168(c) of the*
28 *internal revenue code, as amended, and in a manner that would cause*
29 *recapture of any previously taken expense or depreciation deductions for*
30 *federal income tax purposes, or if the situs of such property is otherwise*
31 *changed such that the property is relocated outside the state of Kansas*
32 *during such applicable recovery period, then the expense deduction*
33 *determined pursuant to subsection (a) shall be subject to recapture and*
34 *treated as Kansas taxable income allocated to this state. The amount of*
35 *recapture shall be the Kansas expense deduction determined pursuant to*
36 *subsection (a) multiplied by a fraction, the numerator of which is the*
37 *number of years remaining in the applicable recovery period for such*
38 *property as defined under section 168(c) or (g) of the internal revenue*
39 *code, as amended, after such property is sold or removed from the state*
40 *including the year of such disposition, and the denominator of which is*
41 *the total number of years in such applicable recovery period.*

42 *(d) The situs of tangible property for purposes of claiming and*
43 *recapture of the expense deduction shall be the physical location of such*

1 *property. If such property is mobile, the situs shall be the physical*
 2 *location of the business operations from where such property is used or*
 3 *based. The situs of computer software shall be apportioned to Kansas*
 4 *based on the fraction, the numerator of which is the number of the*
 5 *taxpayer's users located in Kansas of licenses for such computer*
 6 *software used in the active conduct of the taxpayer's business*
 7 *operations, and the denominator of which is the total number of the*
 8 *taxpayer's users of the licenses for such computer software used in the*
 9 *active conduct of the taxpayer's business operations everywhere.*

10 *(e) Any member of a unitary group filing a combined report may*
 11 *elect to take an expense deduction pursuant to subsection (a) for an*
 12 *investment in property made by any member of the combined group,*
 13 *provided that the amount calculated pursuant to subsection (a) may only*
 14 *be deducted from the Kansas net income before expensing or recapture*
 15 *allocated to or apportioned to this state by such member making the*
 16 *election.*

17 *(f) The following table shall be used in determining the expense*
 18 *deduction calculated pursuant to subsection (a):*

19 *Factors*

20 <i>IRC§168</i>	21 <i>IRC§168(b)(1)</i>	22 <i>IRC§168(b)(2)</i>	23 <i>IRC§168(b)(3) or (g)</i>
24 <i>Recover Period</i>	25 <i>Depreciation</i>	26 <i>Depreciation</i>	27 <i>Depreciation</i>
28 <i>(year)</i>	29 <i>Method</i>	30 <i>Method</i>	31 <i>Method</i>
32 2.5	33 *	34 .077	35 .092
36 3	37 .075	38 .091	39 .106
40 3.5	41 *	42 .102	43 .116
44 4	45 *	46 .114	47 .129
48 5	49 .116	50 .135	51 .150
52 6	53 *	54 .154	55 .170
56 6.5	57 *	58 .163	59 .179
60 7	61 .151	62 .173	63 .190
64 7.5	65 *	66 .181	67 .199
68 8	69 *	70 .191	71 .208
72 8.5	73 *	74 .199	75 .217
76 9	77 *	78 .208	79 .226
80 9.5	81 *	82 .216	83 .235
84 10	85 .198	86 .224	87 .244
88 10.5	89 *	90 .232	91 .252
92 11	93 *	94 .240	95 .261
96 11.5	97 *	98 .248	99 .269
100 12	101 *	102 .256	103 .277
104 12.5	105 *	106 .263	107 .285
108 13	109 *	110 .271	111 .293
112 13.5	113 *	114 .278	115 .300

1	14	*	.285	.308
2	15	*	.299	.323
3	16	*	.313	.337
4	16.5	*	.319	.344
5	17	*	.326	.351
6	18	*	.339	.365
7	19	*	.351	.378
8	20	*	.363	.391
9	22	*	.386	.415
10	24	*	.408	.438
11	25	*	.419	.449

12 **Not Applicable*

13 *(g) If a taxpayer elects to expense any investment pursuant to*
 14 *subsection (a), such taxpayer shall not be eligible for any tax credit,*
 15 *accelerated depreciation, or deduction for such investment allowed*
 16 *pursuant to K.S.A. 2018 Supp. 79-32,160a(e), 79-32,182b, 79-32,201, 79-*
 17 *32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-*
 18 *32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-*
 19 *32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258, and*
 20 *amendments thereto.*

21 *(h) (1) For tax year 2013, the deduction allowed by this section*
 22 *shall only be available to taxpayers subject to the income tax on*
 23 *corporations imposed pursuant to ~~subsection (e) of K.S.A. 79-32,110(c),~~*
 24 *and amendments thereto, and used only to determine such taxpayer's*
 25 *corporate income tax liability.*

26 *(2) For tax-year years 2014, and all tax years thereafter 2015, 2016,*
 27 *2017 and 2018, the deduction allowed by this section shall only be*
 28 *available to taxpayers subject to the income tax on corporations imposed*
 29 *pursuant to ~~subsection (e) of K.S.A. 79-32,110(c),~~ and amendments*
 30 *thereto, or the privilege tax imposed upon any national banking*
 31 *association, state bank, savings bank, trust company or savings and loan*
 32 *association pursuant to article 11 of chapter 79 of the Kansas Statutes*
 33 *Annotated, and amendments thereto, and used only to determine such*
 34 *taxpayer's corporate income or privilege tax liability.*

35 *(3) For tax year 2019, and all tax years thereafter, the deduction*
 36 *allowed by this section shall be available to all taxpayers subject to the*
 37 *income tax imposed pursuant to K.S.A. 79-32,110, and amendments*
 38 *thereto, or the privilege tax imposed upon any national banking*
 39 *association, state bank, savings bank, trust company or savings and loan*
 40 *association pursuant to article 11 of chapter 79 of the Kansas Statutes*
 41 *Annotated, and amendments thereto, and used only to determine such*
 42 *taxpayer's income or privilege tax liability.*

43 *Sec. 31. K.S.A. 2018 Supp. 79-4501, 79-4502, 79-4508, 79-4509, 79-*

1 *4511 and 79-4522 are hereby repealed.*

2 *Sec. 32. K.S.A. 2018 Supp. 79-32,143a is hereby repealed.*}

3 ~~Sec. 7. {33.}~~ This act shall take effect and be in force from and after

4 its publication in the statute book.