

As Amended by House Committee

Session of 2023

HOUSE BILL No. 2197

By Committee on Financial Institutions and Pensions

1-26

1 AN ACT concerning financial institutions; relating to the first-time home
2 buyer savings account act; **authorizing the state treasurer to market**
3 **the first-time home buyer savings account program to account**
4 **holders and financial institutions**; providing a procedure for the
5 distribution of the account balance upon the death of an account holder;
6 changing the term "transfer on death" to "payable on death" regarding
7 beneficiaries; resolving a conflict when beneficiaries differ on a
8 financial institution's account records and on first-time home buyer
9 savings account tax forms required by the secretary of revenue;
10 amending K.S.A. 2022 Supp. 58-4903, 58-4904, 58-4906 and 79-
11 32,117 and repealing the existing sections.

12

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

14 **New Section 1. (a) The state treasurer may have non-exclusive**
15 **authority to market the first-time home buyer savings account**
16 **program to account holders and financial institutions throughout the**
17 **state and may report on the marketing initiatives in the state**
18 **treasurer's office annual report.**

19 **(b) This section shall be a part of and supplemental to the first-**
20 **time home buyer savings account act.**

21 ~~Section 1.~~ **Sec. 2.** K.S.A. 2022 Supp. 58-4903 is hereby amended to
22 read as follows: 58-4903. (a) On and after July 1, 2022, any individual
23 may open an account with a financial institution and designate the account,
24 in its entirety, as a first-time home buyer savings account to be used to pay
25 or reimburse a designated beneficiary's eligible expenses for the purchase
26 or construction of a primary residence in this state. An individual may be
27 the account holder of multiple accounts and an individual may jointly own
28 the account with another individual if such individuals file a joint income
29 tax return. An account holder shall comply with the requirements of this
30 act to be eligible for the modifications set forth in K.S.A. 79-32,117, and
31 amendments thereto.

32 (b) (I) An account holder shall designate, no later than April 15 of the
33 year following the taxable year during which the account is established, a
34 first-time home buyer as the designated beneficiary of the account.
35 Nothing in this section shall prohibit an account holder from designating
36 such account holder as the designated beneficiary of an account. An

1 account holder may change the designated beneficiary at any time, but no
2 account shall have more than one designated beneficiary at any time. An
3 individual may be designated as the designated beneficiary of more than
4 one account if such accounts are held by separate account holders. No
5 account holder shall be authorized to designate the same designated
6 beneficiary on multiple accounts held by such account owner.

7 *(2) The naming of a designated beneficiary shall not create a*
8 *survivorship interest in the account for such designated beneficiary. In the*
9 *event of the death of an account holder, the balance of such account shall*
10 *be paid to the payable on death beneficiary in accordance with K.S.A. 9-*
11 *1215, and amendments thereto, or, in the absence of a named payable on*
12 *death beneficiary, in accordance with the provisions of the Kansas probate*
13 *code.*

14 (c) (1) The following limits apply to an account established pursuant
15 to this act:

16 (A) The maximum contribution to an account in any tax year shall be
17 \$3,000 for an individual and \$6,000 for a married couple filing a joint
18 return;

19 (B) the maximum amount of all contributions into an account in all
20 tax years shall be \$24,000 for an individual and \$48,000 for a married
21 couple filing a joint return; and

22 (C) the maximum total amount in an account shall be \$50,000.

23 (2) If a limit in paragraph (1) is exceeded, then thereafter all interest
24 or other income earned on the investment of moneys in an account shall be
25 subject to the tax imposed by the Kansas income tax act.

26 (3) Moneys may remain in an account for an unlimited duration
27 without the interest or income being subject to recapture or penalty.

28 (d) The account holder shall not use moneys in an account to pay
29 expenses of administering the account, except that a service fee may be
30 deducted from the account by a financial institution. The account holder
31 shall be responsible for maintaining documentation for the account and for
32 eligible expenses related to the designated beneficiary's purchase or
33 construction of a primary residence.

34 ~~Sec. 2:~~ 3. K.S.A. 2022 Supp. 58-4904 is hereby amended to read as
35 follows: 58-4904. (a) (1) The moneys in a first-time home buyer savings
36 account may be:

37 (A) Used for eligible expenses related to a designated beneficiary's
38 purchase or construction of a primary residence located in this state;

39 (B) used for eligible expenses related to a designated beneficiary's
40 purchase or construction of a primary residence located outside of this
41 state if such designated beneficiary is active-duty military and was
42 stationed in Kansas for any time after the creation of the account;

43 (C) used for eligible expenses that would have qualified pursuant to

1 paragraph (1)(A) or (1)(B) but the contract for purchase or construction
2 did not close;

3 (D) transferred to another newly created account; and

4 (E) used to pay service fees assessed by the financial institution.

5 (2) This subsection shall apply even if a designated beneficiary is a
6 joint owner of a primary residence with another person who is not a
7 designated beneficiary of an account. Moneys in an account shall not be
8 used to purchase a manufactured or mobile home that is not taxed as real
9 property.

10 (b) Moneys withdrawn from an account shall be subject to recapture
11 by the secretary in the tax year in which they were withdrawn if:

12 (1) At the time of the withdrawal, it has been less than a year since
13 the first deposit in the account; or

14 (2) the moneys are used for any purpose other than the expenses or
15 transactions authorized pursuant to subsection (a)(1).

16 (c) Moneys that are subject to recapture shall be an amount equal to
17 the moneys withdrawn from an account and shall be added to the Kansas
18 adjusted gross income pursuant to K.S.A. 79-32,117(b)(xxvii), and
19 amendments thereto, of the account holder or, if the account holder is no
20 longer living, the designated beneficiary. If any moneys are subject to
21 recapture, the account holder shall pay a penalty in the following amounts:
22 (1) If the withdrawal of moneys occurred 10 or less years after the first
23 deposit in the account, 5% of the amount subject to recapture; and (2) if
24 the withdrawal of moneys occurred more than 10 years after the first
25 deposit in the account, 10% of the amount subject to recapture.

26 (d) The penalties provided in subsection (c) shall not apply if: (1) The
27 withdrawn moneys are used for eligible expenses related to a designated
28 beneficiary's purchase or construction of a primary residence outside of
29 this state; or (2) the withdrawn moneys are from an account in which the
30 designated beneficiary died, and the account holder did not designate a
31 new designated beneficiary during the same tax year.

32 (e) If the account holder dies or, if the account is jointly owned and
33 the account owners die, and the account does not have a surviving ~~transfer~~
34 *payable* on death beneficiary, then all of the moneys in the account
35 resulting from contributions or income earned from assets in the account
36 pursuant to K.S.A. 79-32,117, and amendments thereto, shall be subject to
37 recapture in the tax year of the death or deaths, but no penalty shall be
38 assessed pursuant to subsection (c).

39 Sec. ~~3~~ 4. K.S.A. 2022 Supp. 58-4906 is hereby amended to read as
40 follows: 58-4906. (a) No financial institution shall be required to:

41 (1) Designate an account as a first-time home buyer savings account
42 or designate the beneficiaries of an account in the financial institution's
43 account contracts or systems or in any other way;

- 1 (2) track the use of moneys withdrawn from an account; or
2 (3) report any information to the department of revenue or any other
3 governmental agency that is not otherwise required by law.
- 4 (b) No financial institution shall be responsible or liable for:
5 (1) Determining or ensuring that an account holder is eligible for a
6 Kansas adjusted gross income modification pursuant to K.S.A. 79-32,117,
7 and amendments thereto;
8 (2) determining or ensuring that moneys in the account are used for
9 eligible expenses; or
10 (3) reporting or remitting taxes or penalties related to the use of
11 account moneys.
- 12 (c) *A financial institution may rely on such financial institution's*
13 *account records for determining a payable on death beneficiary for a first-*
14 *time home buyer savings account. If the payable on death beneficiary in a*
15 *financial institution's account records conflicts with the designated*
16 *beneficiary on any form required by the secretary under the first-time*
17 *home buyer savings account act, the payable on death beneficiary in such*
18 *financial institution's account records shall control.*
- 19 ~~Sec. 4.~~ **5.** K.S.A. 2022 Supp. 79-32,117 is hereby amended to read as
20 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
21 means such individual's federal adjusted gross income for the taxable year,
22 with the modifications specified in this section.
- 23 (b) There shall be added to federal adjusted gross income:
24 (i) Interest income less any related expenses directly incurred in the
25 purchase of state or political subdivision obligations, to the extent that the
26 same is not included in federal adjusted gross income, on obligations of
27 any state or political subdivision thereof, but to the extent that interest
28 income on obligations of this state or a political subdivision thereof issued
29 prior to January 1, 1988, is specifically exempt from income tax under the
30 laws of this state authorizing the issuance of such obligations, it shall be
31 excluded from computation of Kansas adjusted gross income whether or
32 not included in federal adjusted gross income. Interest income on
33 obligations of this state or a political subdivision thereof issued after
34 December 31, 1987, shall be excluded from computation of Kansas
35 adjusted gross income whether or not included in federal adjusted gross
36 income.
- 37 (ii) Taxes on or measured by income or fees or payments in lieu of
38 income taxes imposed by this state or any other taxing jurisdiction to the
39 extent deductible in determining federal adjusted gross income and not
40 credited against federal income tax. This paragraph shall not apply to taxes
41 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
42 amendments thereto, for privilege tax year 1995, and all such years
43 thereafter.

1 (iii) The federal net operating loss deduction, except that the federal
2 net operating loss deduction shall not be added to an individual's federal
3 adjusted gross income for tax years beginning after December 31, 2016.

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

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

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

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

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

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

40 (x) Amounts received as nonqualified withdrawals, as defined by
41 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
42 family postsecondary education savings account, such amounts were
43 subtracted from the federal adjusted gross income pursuant to ~~K.S.A. 79-~~

1 ~~32,117(c)(xv), and amendments thereto~~, *subsection (c)(xv)* or if such
2 amounts are not already included in the federal adjusted gross income.

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

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

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

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

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

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

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

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

1 deduction for federal income tax purposes.

2 (xix) For taxable years beginning after December 31, 2012, and
3 ending before January 1, 2017, the amount of any: (1) Loss from business
4 as determined under the federal internal revenue code and reported from
5 schedule C and on line 12 of the taxpayer's form 1040 federal individual
6 income tax return; (2) loss from rental real estate, royalties, partnerships, S
7 corporations, except those with wholly owned subsidiaries subject to the
8 Kansas privilege tax, estates, trusts, residual interest in real estate
9 mortgage investment conduits and net farm rental as determined under the
10 federal internal revenue code and reported from schedule E and on line 17
11 of the taxpayer's form 1040 federal individual income tax return; and (3)
12 farm loss as determined under the federal internal revenue code and
13 reported from schedule F and on line 18 of the taxpayer's form 1040
14 federal income tax return; all to the extent deducted or subtracted in
15 determining the taxpayer's federal adjusted gross income. For purposes of
16 this subsection, references to the federal form 1040 and federal schedule
17 C, schedule E, and schedule F, shall be to such form and schedules as they
18 existed for tax year 2011, and as revised thereafter by the internal revenue
19 service.

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

28 (xxi) For taxable years beginning after December 31, 2012, and
29 ending before January 1, 2017, the amount of any deduction for pension,
30 profit sharing, and annuity plans of self-employed individuals under
31 section 62(a)(6) of the federal internal revenue code as in effect on January
32 1, 2012, and amendments thereto, in determining the federal adjusted gross
33 income of an individual taxpayer.

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

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

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

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

22 (xxvi) For all taxable years beginning after December 31, 2016, the
23 amount of any charitable contribution made to the extent the same is
24 claimed as the basis for the credit allowed pursuant to K.S.A. 72-4357, and
25 amendments thereto, and is also claimed as an itemized deduction for
26 federal income tax purposes.

27 (xxvii) For all taxable years commencing after December 31, 2020,
28 the amount deducted by reason of a carryforward of disallowed business
29 interest pursuant to section 163(j) of the federal internal revenue code of
30 1986, as in effect on January 1, 2018.

31 (xxviii) For all taxable years beginning after December 31, 2021, the
32 amount of any contributions to, or earnings from, a first-time home buyer
33 savings account if distributions from the account were not used to pay for
34 expenses or transactions authorized pursuant to K.S.A. 2022 Supp. 58-
35 4904, and amendments thereto, or were not held for the minimum length
36 of time required pursuant to K.S.A. 2022 Supp. 58-4904, and amendments
37 thereto. Contributions to, or earnings from, such account shall also include
38 any amount resulting from the account holder not designating a surviving
39 ~~transfer~~ payable on death beneficiary pursuant to K.S.A. 2022 Supp. 58-
40 4904(e), and amendments thereto.

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

42 (i) Interest or dividend income on obligations or securities of any
43 authority, commission or instrumentality of the United States and its

1 possessions less any related expenses directly incurred in the purchase of
2 such obligations or securities, to the extent included in federal adjusted
3 gross income but exempt from state income taxes under the laws of the
4 United States.

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

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

16 (iv) The amount necessary to prevent the taxation under this act of
17 any annuity or other amount of income or gain which was properly
18 included in income or gain and was taxed under the laws of this state for a
19 taxable year prior to the effective date of this act, as amended, to the
20 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
21 the right to receive the income or gain, or to a trust or estate from which
22 the taxpayer received the income or gain.

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

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

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

35 (viii) Amounts received by retired railroad employees as a
36 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
37 228c(a)(1) et seq.

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

43 (x) For taxable years beginning after December 31, 1976, the amount

1 of the federal tentative jobs tax credit disallowance under the provisions of
2 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
3 amount of the targeted jobs tax credit and work incentive credit
4 disallowances under 26 U.S.C. § 280C.

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

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

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

15 (xiv) For all taxable years commencing after December 31, 1996, that
16 portion of any income of a bank organized under the laws of this state or
17 any other state, a national banking association organized under the laws of
18 the United States, an association organized under the savings and loan
19 code of this state or any other state, or a federal savings association
20 organized under the laws of the United States, for which an election as an
21 S corporation under subchapter S of the federal internal revenue code is in
22 effect, which accrues to the taxpayer who is a stockholder of such
23 corporation and which is not distributed to the stockholders as dividends of
24 the corporation. For taxable years beginning after December 31, 2012, and
25 ending before January 1, 2017, the amount of modification under this
26 subsection shall exclude the portion of income or loss reported on schedule
27 E and included on line 17 of the taxpayer's form 1040 federal individual
28 income tax return.

29 (xv) For all taxable years beginning after December 31, 2017, the
30 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
31 filing a joint return, for each designated beneficiary that are contributed to:
32 (1) A family postsecondary education savings account established under
33 the Kansas postsecondary education savings program or a qualified tuition
34 program established and maintained by another state or agency or
35 instrumentality thereof pursuant to section 529 of the internal revenue
36 code of 1986, as amended, for the purpose of paying the qualified higher
37 education expenses of a designated beneficiary; or (2) an achieving a
38 better life experience (ABLE) account established under the Kansas ABLE
39 savings program or a qualified ABLE program established and maintained
40 by another state or agency or instrumentality thereof pursuant to section
41 529A of the internal revenue code of 1986, as amended, for the purpose of
42 saving private funds to support an individual with a disability. The terms
43 and phrases used in this paragraph shall have the meaning respectively

1 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
2 amendments thereto, and the provisions of such sections are hereby
3 incorporated by reference for all purposes thereof.

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

14 (xvii) For all taxable years beginning after December 31, 2004,
15 amounts received by taxpayers who are eligible members of the Kansas
16 army and air national guard as a reimbursement pursuant to K.S.A. 48-
17 281, and amendments thereto, and amounts received for death benefits
18 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
19 such death benefits are included in federal adjusted gross income of the
20 taxpayer.

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

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

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

1 mortgage investment conduits and net farm rental as determined under the
2 federal internal revenue code and reported from schedule E and on line 17
3 of the taxpayer's form 1040 federal individual income tax return; and (3)
4 net farm profit as determined under the federal internal revenue code and
5 reported from schedule F and on line 18 of the taxpayer's form 1040
6 federal income tax return; all to the extent included in the taxpayer's
7 federal adjusted gross income. For purposes of this subsection, references
8 to the federal form 1040 and federal schedule C, schedule E, and schedule
9 F, shall be to such form and schedules as they existed for tax year 2011
10 and as revised thereafter by the internal revenue service.

11 (xxi) For all taxable years beginning after December 31, 2013,
12 amounts equal to the unreimbursed travel, lodging and medical
13 expenditures directly incurred by a taxpayer while living, or a dependent
14 of the taxpayer while living, for the donation of one or more human organs
15 of the taxpayer, or a dependent of the taxpayer, to another person for
16 human organ transplantation. The expenses may be claimed as a
17 subtraction modification provided for in this section to the extent the
18 expenses are not already subtracted from the taxpayer's federal adjusted
19 gross income. In no circumstances shall the subtraction modification
20 provided for in this section for any individual, or a dependent, exceed
21 \$5,000. As used in this section, "human organ" means all or part of a liver,
22 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
23 paragraph shall take effect on the day the secretary of revenue certifies to
24 the director of the budget that the cost for the department of revenue of
25 modifications to the automated tax system for the purpose of
26 implementing this paragraph will not exceed \$20,000.

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

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

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

4 (xxv) For all taxable years commencing after December 31, 2020,
5 100% of global intangible low-taxed income under section 951A of the
6 federal internal revenue code of 1986, before any deductions allowed
7 under section 250(a)(1)(B) of such code.

8 (xxvi) For all taxable years commencing after December 31, 2020,
9 the amount disallowed as a deduction pursuant to section 163(j) of the
10 federal internal revenue code of 1986, as in effect on January 1, 2018.

11 (xxvii) For taxable years commencing after December 31, 2020, the
12 amount disallowed as a deduction pursuant to section 274 of the federal
13 internal revenue code of 1986 for meal expenditures shall be allowed to
14 the extent such expense was deductible for determining federal income tax
15 and was allowed and in effect on December 31, 2017.

16 (xxviii) For all taxable years beginning after December 31, 2021: (1)
17 The amount contributed to a first-time home buyer savings account
18 pursuant to K.S.A. 2022 Supp. 58-4903, and amendments thereto, in an
19 amount not to exceed \$3,000 for an individual or \$6,000 for a married
20 couple filing a joint return; or (2) amounts received as income earned from
21 assets in a first-time home buyer savings account.

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

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

31 ~~(f) No taxpayer shall be assessed penalties and interest from the~~
32 ~~underpayment of taxes due to changes to this section that became law on~~
33 ~~July 1, 2017, so long as such underpayment is rectified on or before April~~
34 ~~17, 2018.~~

35 ~~Sec.-5. 6.~~ K.S.A. 2022 Supp. 58-4903, 58-4904, 58-4906 and 79-
36 32,117 are hereby repealed.

37 ~~Sec.-6. 7.~~ This act shall take effect and be in force from and after its
38 publication in the statute book.