

## HOUSE BILL No. 2090

By Representatives Poskin, Amyx, Featherston, Haskins, Hoye, Martinez, McDonald, Meyer, Neighbor, Osman, S. Ruiz, Schlingensiepen, Stogsdill, Wikle and Woodard

1-23

1 AN ACT concerning economic development; relating to income and  
2 privilege tax incentives for employee savings accounts; establishing the  
3 Kansas employee emergency savings account program; providing an  
4 income and privilege tax credit for certain eligible employer deposits to  
5 employee savings accounts established under the program; providing a  
6 subtraction modification for certain employee deposits to savings  
7 accounts established under the program; amending K.S.A. 2024 Supp.  
8 79-32,117 and repealing the existing section.

9  
10 *Be it enacted by the Legislature of the State of Kansas:*

11 New Section 1. (a) The purposes of this act shall be to:

12 (1) Provide assistance to eligible employers with recruiting and  
13 retaining employees in a challenging labor market through incentives to  
14 contribute to employee emergency savings accounts;

15 (2) encourage employees of eligible employers to save money for  
16 emergencies, increase financial security and avoid high-cost borrowing;  
17 and

18 (3) encourage financial literacy.

19 (b) There is hereby established the Kansas employee emergency  
20 savings account program for taxable years 2025 through 2027. Any  
21 eligible employer may participate in the Kansas employee emergency  
22 savings account program provided in this section by submitting an  
23 application to the secretary and complying with the requirements of this  
24 section. The application shall be prepared in such form and manner as  
25 required by the secretary and shall be submitted at a time to be determined  
26 and specified by the secretary. The secretary shall review applications and  
27 provide certifications of participation to each eligible employer who  
28 complies with the requirements of this section.

29 (c) The program shall provide for participating eligible employers to  
30 assist with the establishment of employee savings accounts that allow  
31 automatic deposits by means of payroll deductions from employees'  
32 paychecks and additional deposits by the employer. The program shall  
33 include the following requirements:

34 (1) Employees of participating eligible employers may elect to

1 participate.

2 (2) The eligible employer shall make an initial deposit in an amount  
3 of at least \$50 on behalf of a participating employee to establish such a  
4 savings account. The eligible employer may make additional deposits to  
5 employees' savings accounts based on matching funds or other amounts as  
6 determined by the employer.

7 (3) Pursuant to a written authorization by a participating employee,  
8 the eligible employer shall withhold or deduct any portion of such  
9 employee's wages in the amount specified on the authorization form by a  
10 payroll deduction to be deposited into such employee's savings account  
11 established pursuant to this section and make deposits of such amounts to  
12 such employee's savings account. Any such written authorization may be  
13 withdrawn or modified by such employee upon providing written notice of  
14 withdrawal or modification to the eligible employer. No administrative  
15 fees or charges shall be assessed for costs incurred in making such  
16 deductions.

17 (4) The employee savings accounts shall be federally insured savings  
18 accounts established and maintained at a federally insured bank, savings  
19 bank, savings and loan association or credit union. The savings accounts  
20 shall offer online and mobile banking access.

21 (5) The owner or account holder of such savings account shall be the  
22 employee for whom the savings account was established. The eligible  
23 employer shall not attempt to restrict the use of any moneys in employees'  
24 savings accounts established pursuant to this section.

25 (6) The eligible employer shall offer a mobile application that notifies  
26 employees of payroll deposits and provides financial literacy tools and  
27 educational materials to learn about saving for emergencies, establishing  
28 savings goals and budgeting.

29 (7) On or before January 31 each year, the eligible employer shall  
30 provide to each participating employee notice of such employee's total  
31 deposits by means of payroll deductions made to such employee's savings  
32 account during the prior taxable year.

33 (d) Each participating eligible employer shall annually report to the  
34 secretary the following:

35 (1) The number of employee savings accounts newly established  
36 during the preceding year;

37 (2) the amounts of initial deposits made by the employer during the  
38 preceding year;

39 (3) the number of participating employees during the preceding year;

40 (4) the amounts of deposits by employees by means of payroll  
41 deduction during the preceding year;

42 (5) the amounts of additional deposits made by the employer during  
43 the preceding year; and

1 (6) any additional information as the secretary may require pursuant  
2 to this section.

3 (e) As used in this section:

4 (1) "Eligible employer" means any person, firm, corporation,  
5 partnership or association that is subject to income tax pursuant to the  
6 Kansas income tax act or privilege tax pursuant to article 11 of chapter 79  
7 of the Kansas Statutes Annotated, and amendments thereto, and that  
8 employs not more than 250 employees;

9 (2) "program" means the Kansas employee emergency savings  
10 account program provided in this section; and

11 (3) "secretary" means the secretary of commerce.

12 (f) The secretary of commerce may adopt rules and regulations  
13 necessary to administer the provisions of this section.

14 New Sec. 2. (a) For taxable years 2025 through 2027, there shall be  
15 allowed a credit against the tax liability of a taxpayer imposed under the  
16 Kansas income tax act or the privilege tax liability of a taxpayer imposed  
17 upon a national banking association, state bank, trust company or savings  
18 and loan association pursuant article 11 of chapter 79 of the Kansas  
19 Statutes Annotated, and amendments thereto, in an amount equal to the  
20 sum of:

21 (1) 50% of initial deposits made during the taxable year by a taxpayer  
22 to employees' savings accounts established under the Kansas employee  
23 emergency savings account program pursuant to section 1, and  
24 amendments thereto; and

25 (2) 25% of additional deposits by matching funds or other amounts  
26 deposited as determined by the employer during the taxable year by a  
27 taxpayer to employees' savings accounts established under the Kansas  
28 employee emergency savings account program pursuant to section 1, and  
29 amendments thereto.

30 (b) For purposes of this section, the taxpayer shall be an eligible  
31 employer participating in the Kansas employee emergency savings account  
32 program pursuant to section 1, and amendments thereto. Amounts withheld  
33 or deducted by means of payroll deduction from employees' wages shall  
34 not be included as deposits of a taxpayer for purposes of this credit.

35 (c) The amount of credit allowed each taxable year pursuant to  
36 subsection (a)(1) shall not exceed \$50 per employee savings account  
37 established during such taxable year. The amount of credit allowed each  
38 taxable year pursuant to subsection (a)(2) shall not exceed \$325 per  
39 employee participating in the program during such taxable year.

40 (d) If the total amount of such tax credit exceeds the taxpayer's  
41 income or privilege tax liability for such taxable year, such excess amount  
42 may be carried forward for deduction from the taxpayer's income or  
43 privilege tax liability in the next succeeding year or years for up to two

1 taxable years immediately following the taxable year for which the credits  
2 were allowed. The credit shall not be refundable. The credit shall not be  
3 transferable.

4 (e) The taxpayer shall provide to the secretary of revenue any  
5 information as may be required by the secretary to administer the  
6 provisions of this section.

7 (f) The provisions of this section shall be a part of and supplemental  
8 to the Kansas income tax act.

9 Sec. 3. K.S.A. 2024 Supp. 79-32,117 is hereby amended to read as  
10 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
11 means such individual's federal adjusted gross income for the taxable year,  
12 with the modifications specified in this section.

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

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

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

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

37 (iv) Federal income tax refunds received by the taxpayer if the  
38 deduction of the taxes being refunded resulted in a tax benefit for Kansas  
39 income tax purposes during a prior taxable year. Such refunds shall be  
40 included in income in the year actually received regardless of the method  
41 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall  
42 be deemed to have resulted if the amount of the tax had been deducted in  
43 determining income subject to a Kansas income tax for a prior year

1 regardless of the rate of taxation applied in such prior year to the Kansas  
2 taxable income, but only that portion of the refund shall be included as  
3 bears the same proportion to the total refund received as the federal taxes  
4 deducted in the year to which such refund is attributable bears to the total  
5 federal income taxes paid for such year. For purposes of the foregoing  
6 sentence, federal taxes shall be considered to have been deducted only to  
7 the extent such deduction does not reduce Kansas taxable income below  
8 zero.

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

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

17 (vii) The amount of any charitable contribution made to the extent the  
18 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
19 32,196, and amendments thereto.

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

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

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

36 (xi) The amount of any contribution made to the same extent the  
37 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-  
38 50,154, and amendments thereto.

39 (xii) For taxable years commencing after December 31, 2004,  
40 amounts received as withdrawals not in accordance with the provisions of  
41 K.S.A. 74-50,204, and amendments thereto, if, at the time of contribution  
42 to an individual development account, such amounts were subtracted from  
43 the federal adjusted gross income pursuant to subsection (c)(xiii), or if

1 such amounts are not already included in the federal adjusted gross  
2 income.

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

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

11 (xv) The amount of any expenditures claimed for deduction in  
12 determining federal adjusted gross income, to the extent the same is  
13 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223  
14 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-  
15 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-  
16 32,251 through 79-32,254, and amendments thereto.

17 (xvi) 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. 79-32,227, 79-32,232, 79-  
20 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

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

35 (xix) For taxable years beginning after December 31, 2012, and  
36 ending before January 1, 2017, the amount of any: (1) Loss from business  
37 as determined under the federal internal revenue code and reported from  
38 schedule C and on line 12 of the taxpayer's form 1040 federal individual  
39 income tax return; (2) loss from rental real estate, royalties, partnerships, S  
40 corporations, except those with wholly owned subsidiaries subject to the  
41 Kansas privilege tax, estates, trusts, residual interest in real estate  
42 mortgage investment conduits and net farm rental as determined under the  
43 federal internal revenue code and reported from schedule E and on line 17

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

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

18 (xxi) For taxable years beginning after December 31, 2012, and  
19 ending before January 1, 2017, the amount of any deduction for pension,  
20 profit sharing, and annuity plans of self-employed individuals under  
21 section 62(a)(6) of the federal internal revenue code as in effect on January  
22 1, 2012, and amendments thereto, in determining the federal adjusted gross  
23 income of an individual taxpayer.

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

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

34 (xxiv) For taxable years commencing after December 31, 2013, that  
35 portion of the amount of any expenditure deduction claimed in  
36 determining federal adjusted gross income for expenses paid for medical  
37 care of the taxpayer or the taxpayer's spouse or dependents when such  
38 expenses were paid or incurred for an abortion, or for a health benefit plan,  
39 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of  
40 an optional rider for coverage of abortion in accordance with K.S.A. 40-  
41 2,190, and amendments thereto, to the extent that such taxes and  
42 assessments are claimed as an itemized deduction for federal income tax  
43 purposes.

1 (xxv) 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 by a taxpayer  
4 for health care when such expenses were paid or incurred for abortion  
5 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and  
6 amendments thereto, when such expenses were paid or incurred for  
7 abortion coverage or amounts contributed to health savings accounts for  
8 such taxpayer's employees for the purchase of an optional rider for  
9 coverage of abortion in accordance with K.S.A. 40-2,190, and  
10 amendments thereto, to the extent that such taxes and assessments are  
11 claimed as a deduction for federal income tax purposes.

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

17 (xxvii) For all taxable years commencing after December 31, 2020,  
18 the amount of any interest expense paid or accrued in a previous taxable  
19 year but allowed as a deduction pursuant to section 163 of the federal  
20 internal revenue code in the current taxable year by reason of the  
21 carryforward of disallowed business interest pursuant to section 163(j) of  
22 the federal internal revenue code. For purposes of this paragraph, an  
23 interest expense is considered paid or accrued only in the first taxable year  
24 the deduction would have been allowable pursuant to section 163 of the  
25 federal internal revenue code if the limitation pursuant to section 163(j) of  
26 the federal internal revenue code did not exist.

27 (xxviii) For all taxable years beginning after December 31, 2021, the  
28 amount of any contributions to, or earnings from, a first-time home buyer  
29 savings account if distributions from the account were not used to pay for  
30 expenses or transactions authorized pursuant to K.S.A. 2024 Supp. 58-  
31 4904, and amendments thereto, or were not held for the minimum length  
32 of time required pursuant to K.S.A. 2024 Supp. 58-4904, and amendments  
33 thereto. Contributions to, or earnings from, such account shall also include  
34 any amount resulting from the account holder not designating a surviving  
35 payable on death beneficiary pursuant to K.S.A. 2024 Supp. 58-4904(e),  
36 and amendments thereto.

37 (xxix) For all taxable years beginning after December 31, 2024, the  
38 amount of any contributions to, or earnings from, an adoption savings  
39 account if distributions from the account were not used to pay for expenses  
40 or transactions authorized pursuant to K.S.A. 2024 Supp. 38-2504, and  
41 amendments thereto, or were not held for the minimum length of time  
42 required pursuant to K.S.A. 2024 Supp. 38-2504, and amendments thereto.  
43 Contributions to, or earnings from, such account shall also include any

1 amount resulting from the account holder not designating a surviving  
2 payable on death beneficiary pursuant to K.S.A. 2024 Supp. 38-2504(e),  
3 and amendments thereto.

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

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

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

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

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

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

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

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

41 (viii) Amounts received by retired railroad employees as a  
42 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and  
43 228c(a)(1) et seq.

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

6 (x) (1) For taxable years beginning after December 31, 2021, the  
7 amount of any federal credit disallowance under the provisions of 26  
8 U.S.C. § 280C(a).

9 (2) For taxable years beginning after December 31, 2019, and ending  
10 before January 1, 2022, 50% of the amount of the federal employee  
11 retention credit disallowance under rules similar to the rules of 26 U.S.C. §  
12 280C(a). The taxpayer shall be required to prove that such taxpayer  
13 previously filed Kansas income tax returns and paid Kansas income tax on  
14 the disallowed amount. Notwithstanding any other provision of law to the  
15 contrary, any claim for refund or amended return relating to this  
16 subparagraph shall be allowed to be filed on or before April 15, 2025, and  
17 no claim for refund or amended return shall be allowed or filed after April  
18 15, 2025.

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

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

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

29 (xiv) For all taxable years commencing after December 31, 1996, that  
30 portion of any income of a bank organized under the laws of this state or  
31 any other state, a national banking association organized under the laws of  
32 the United States, an association organized under the savings and loan  
33 code of this state or any other state, or a federal savings association  
34 organized under the laws of the United States, for which an election as an  
35 S corporation under subchapter S of the federal internal revenue code is in  
36 effect, which accrues to the taxpayer who is a stockholder of such  
37 corporation and which is not distributed to the stockholders as dividends of  
38 the corporation. For taxable years beginning after December 31, 2012, and  
39 ending before January 1, 2017, the amount of modification under this  
40 subsection shall exclude the portion of income or loss reported on schedule  
41 E and included on line 17 of the taxpayer's form 1040 federal individual  
42 income tax return.

43 (xv) The cumulative amounts not exceeding \$3,000, or \$6,000 for a

1 married couple filing a joint return, for each designated beneficiary that  
2 are contributed to: (1) A family postsecondary education savings account  
3 established under the Kansas postsecondary education savings program or  
4 a qualified tuition program established and maintained by another state or  
5 agency or instrumentality thereof pursuant to section 529 of the internal  
6 revenue code of 1986, as amended, for the purpose of paying the qualified  
7 higher education expenses of a designated beneficiary; or (2) an achieving  
8 a better life experience (ABLE) account established under the Kansas  
9 ABLE savings program or a qualified ABLE program established and  
10 maintained by another state or agency or instrumentality thereof pursuant  
11 to section 529A of the internal revenue code of 1986, as amended, for the  
12 purpose of saving private funds to support an individual with a disability.  
13 The terms and phrases used in this paragraph shall have the meaning  
14 respectively ascribed thereto by the provisions of K.S.A. 75-643 and 75-  
15 652, and amendments thereto, and the provisions of such sections are  
16 hereby incorporated by reference for all purposes thereof. For all taxable  
17 years beginning after December 31, 2022, contributions made to a  
18 qualified tuition program account or a qualified ABLE program account  
19 pursuant to this paragraph on and after January 1 but prior to the date  
20 required for filing a return pursuant to K.S.A. 79-3221, and amendments  
21 thereto, of the successive taxable year may be elected by the taxpayer to  
22 apply to the prior taxable year if such election is made at the time of filing  
23 the return. No contribution shall be used as a modification pursuant to this  
24 paragraph in more than one taxable year.

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

35 (xvii) For all taxable years beginning after December 31, 2004,  
36 amounts received by taxpayers who are eligible members of the Kansas  
37 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
38 281, and amendments thereto, and amounts received for death benefits  
39 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that  
40 such death benefits are included in federal adjusted gross income of the  
41 taxpayer.

42 (xviii) (A) For all taxable years beginning after December 31, 2007,  
43 and ending before January 1, 2024, amounts received as benefits under the

1 federal social security act which are included in federal adjusted gross  
2 income of a taxpayer with federal adjusted gross income of \$75,000 or  
3 less, whether such taxpayer's filing status is single, head of household,  
4 married filing separate or married filing jointly.

5 (B) For all taxable years beginning after December 31, 2023, amounts  
6 received as benefits under the federal social security act that are included  
7 in federal adjusted gross income of a taxpayer.

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

10 (xx) For taxable years beginning after December 31, 2012, and  
11 ending before January 1, 2017, the amount of any: (1) Net profit from  
12 business as determined under the federal internal revenue code and  
13 reported from schedule C and on line 12 of the taxpayer's form 1040  
14 federal individual income tax return; (2) net income, not including  
15 guaranteed payments as defined in section 707(c) of the federal internal  
16 revenue code and as reported to the taxpayer from federal schedule K-1,  
17 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal  
18 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,  
19 partnerships, S corporations, estates, trusts, residual interest in real estate  
20 mortgage investment conduits and net farm rental as determined under the  
21 federal internal revenue code and reported from schedule E and on line 17  
22 of the taxpayer's form 1040 federal individual income tax return; and (3)  
23 net farm profit as determined under the federal internal revenue code and  
24 reported from schedule F and on line 18 of the taxpayer's form 1040  
25 federal income tax return; all to the extent included in the taxpayer's  
26 federal adjusted gross income. For purposes of this subsection, references  
27 to the federal form 1040 and federal schedule C, schedule E, and schedule  
28 F, shall be to such form and schedules as they existed for tax year 2011  
29 and as revised thereafter by the internal revenue service.

30 (xxi) For all taxable years beginning after December 31, 2013,  
31 amounts equal to the unreimbursed travel, lodging and medical  
32 expenditures directly incurred by a taxpayer while living, or a dependent  
33 of the taxpayer while living, for the donation of one or more human organs  
34 of the taxpayer, or a dependent of the taxpayer, to another person for  
35 human organ transplantation. The expenses may be claimed as a  
36 subtraction modification provided for in this section to the extent the  
37 expenses are not already subtracted from the taxpayer's federal adjusted  
38 gross income. In no circumstances shall the subtraction modification  
39 provided for in this section for any individual, or a dependent, exceed  
40 \$5,000. As used in this section, "human organ" means all or part of a liver,  
41 pancreas, kidney, intestine, lung or bone marrow. The provisions of this  
42 paragraph shall take effect on the day the secretary of revenue certifies to  
43 the director of the budget that the cost for the department of revenue of

1 modifications to the automated tax system for the purpose of  
2 implementing this paragraph will not exceed \$20,000.

3 (xxii) For taxable years beginning after December 31, 2012, and  
4 ending before January 1, 2017, the amount of net gain from the sale of: (1)  
5 Cattle and horses, regardless of age, held by the taxpayer for draft,  
6 breeding, dairy or sporting purposes, and held by such taxpayer for 24  
7 months or more from the date of acquisition; and (2) other livestock,  
8 regardless of age, held by the taxpayer for draft, breeding, dairy or  
9 sporting purposes, and held by such taxpayer for 12 months or more from  
10 the date of acquisition. The subtraction from federal adjusted gross income  
11 shall be limited to the amount of the additions recognized under the  
12 provisions of subsection (b)(xix) attributable to the business in which the  
13 livestock sold had been used. As used in this paragraph, the term  
14 "livestock" shall not include poultry.

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

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

23 (xxv) For all taxable years commencing after December 31, 2020,  
24 100% of global intangible low-taxed income under section 951A of the  
25 federal internal revenue code of 1986, before any deductions allowed  
26 under section 250(a)(1)(B) of such code.

27 (xxvi) (1) For all taxable years commencing after December 31,  
28 2020, the amount of any interest expense paid or accrued in the current  
29 taxable year and disallowed as a deduction pursuant to section 163(j) of  
30 the federal internal revenue code.

31 (2) For purposes of this paragraph, an interest expense is considered  
32 paid or accrued only in the first taxable year the deduction would have  
33 been allowable pursuant to section 163 of the federal internal revenue code  
34 if the limitation pursuant to section 163(j) of the federal internal revenue  
35 code did not exist.

36 (3) For tax year 2021, an amount equal to the sum of any interest  
37 expenses paid or accrued in tax years 2018, 2019 and 2020 less the sum of  
38 amounts allowed as a deduction pursuant to section 163 of the federal  
39 internal revenue code in tax years 2018, 2019 and 2020.

40 (xxvii) For taxable years commencing after December 31, 2020, the  
41 amount disallowed as a deduction pursuant to section 274 of the federal  
42 internal revenue code of 1986 for meal expenditures shall be allowed to  
43 the extent such expense was deductible for determining federal income tax

1 and was allowed and in effect on December 31, 2017.

2 (xxviii) For all taxable years beginning after December 31, 2021: (1)  
3 The amount contributed to a first-time home buyer savings account  
4 pursuant to K.S.A. 2024 Supp. 58-4903, and amendments thereto, in an  
5 amount not to exceed \$3,000 for an individual or \$6,000 for a married  
6 couple filing a joint return; or (2) amounts received as income earned from  
7 assets in a first-time home buyer savings account. For all taxable years  
8 beginning after December 31, 2022, contributions made to a first-time  
9 home buyer savings account pursuant to subparagraph (1) on and after  
10 January 1 but prior to the date required for filing a return pursuant to  
11 K.S.A. 79-3221, and amendments thereto, of the successive taxable year  
12 may be elected by the taxpayer to apply to the prior taxable year if such  
13 election is made at the time of filing the return. No contribution shall be  
14 used as a modification pursuant to subparagraph (1) in more than one  
15 taxable year.

16 (xxix) For taxable years beginning after December 31, 2017, for an  
17 individual taxpayer who carried back federal net operating losses arising in  
18 a taxable year beginning after December 31, 2017, and before January 1,  
19 2021, pursuant to section 172(b)(1) of the federal internal revenue code as  
20 amended by the coronavirus aid, relief, and economic security act  
21 (CARES act), the amount of such federal net operating loss carryback for  
22 each applicable year. If the amount of such federal net operating loss  
23 carryback exceeds the taxpayer's Kansas adjusted gross income for such  
24 taxable year, the amount thereof that exceeds such Kansas adjusted gross  
25 income may be carried forward as a subtraction modification in the  
26 following taxable year or years until the total amount of such federal net  
27 operating loss carryback has been deducted, except that no such unused  
28 amount shall be carried forward for deduction as a subtraction  
29 modification after the 20<sup>th</sup> taxable year following the taxable year of the  
30 net operating loss. Notwithstanding any other provision of law to the  
31 contrary, an extension of time shall be allowed for a claim for refund or  
32 amended return for tax years 2018, 2019 or 2020 limited to the application  
33 of the provisions of this paragraph and such claim for refund or amended  
34 return must be filed on or before April 15, 2025.

35 (xxx) For all taxable years beginning after December 31, 2024: (1)  
36 The amount contributed to an adoption savings account pursuant to K.S.A.  
37 2024 Supp. 38-2503, and amendments thereto, in an amount not to exceed  
38 \$6,000 for an individual or \$12,000 for a married couple filing a joint  
39 return; or (2) amounts received as income earned from assets in an  
40 adoption savings account.

41 *(xxxi) For taxable years 2025 through 2027, the cumulative amounts*  
42 *not exceeding \$1,500, or \$3,000 for a married couple filing a joint return,*  
43 *deposited by a taxpayer during the taxable year by means of payroll*

1 *deduction from such taxpayer's wages to such taxpayer's employee savings*  
2 *account established under the Kansas employee emergency savings*  
3 *account program pursuant to section 1, and amendments thereto.*

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

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

13 Sec. 4. K.S.A. 2024 Supp. 79-32,117 is hereby repealed.

14 Sec. 5. This act shall take effect and be in force from and after its  
15 publication in the statute book.