

SENATE BILL No. 150

By Senator Haley

1-31

9 AN ACT enacting the individual development account program act; pre-
10 scribing certain duties and responsibilities on the department of com-
11 merce; amending K.S.A. 74-5005 and K.S.A. 2004 Supp. 79-32,117
12 and repealing the existing sections; also repealing K.S.A. 79-32,117h
13 and K.S.A. 2004 Supp. 79-32,117j and 79-32,117k.

14
15 *Be it enacted by the Legislature of the State of Kansas:*

16 New Section 1. The provisions of sections 1 through 8, and amend-
17 ments thereto, shall be known and may be cited as the individual devel-
18 opment account program act.

19 New Sec. 2. As used in this act:

20 (a) "Account holder" means a person who is the owner of an individ-
21 ual development account.

22 (b) "Community-based organization" means any religious or chari-
23 table association or tribal entity that is approved by the department to
24 implement the individual development account reserve fund.

25 (c) "Department" means the department of commerce.

26 (d) "Federal poverty level" means the most recent poverty income
27 guidelines published in the calendar year by the United States depart-
28 ment of health and human services.

29 (e) "Financial institution" means any bank, trust company, savings
30 bank, credit union or savings and loan association or any other financial
31 institution regulated by the state of Kansas, any agency of the United
32 States or other state with an office in Kansas which is approved by the
33 secretary to create and maintain the necessary financial instruments set-
34 ting up individual development accounts for eligible families or individ-
35 uals to implement this program.

36 (f) "Individual development account" means a financial instrument
37 established in section 3, and amendments thereto.

38 (g) "Individual development account reserve fund" means the fund
39 created by an approved community-based organization for the purposes
40 of funding the costs incurred in the administration of the program by the
41 financial institutions and the community-based organizations and for pro-
42 viding matching funds for moneys in individual development accounts.

43 (h) "Matching funds" mean the moneys designated for contribution

- 1 from an individual development account reserve fund to an individual
2 development account by a community-based organization at a one-to-one
3 ratio up to a three-to-one ratio.
- 4 (i) “Postsecondary education expenses” mean tuition and fees re-
5 quired for enrollment or attendance, and fees, books, supplies and equip-
6 ment required for courses of instruction at an educational institution.
- 7 (j) “Program” means the Kansas individual development account pro-
8 gram established in sections 1 through 8, and amendments thereto.
- 9 (k) “Program contributor” means a person or entity who makes a
10 contribution to an individual development account reserve fund.
- 11 (l) “Qualified acquisition costs” mean the costs of acquiring, con-
12 structing or reconstructing a residence. The term includes any usual or
13 reasonable settlement, financing or other closing costs.
- 14 (m) “Qualified business” means any business that does not contra-
15 vene any law or public policy, as determined by the secretary.
- 16 (n) “Qualified business capitalization expenses” mean qualified ex-
17 penditures for the capitalization of a qualified business pursuant to a
18 qualified plan.
- 19 (o) “Qualified expenditures” mean expenditures included in a quali-
20 fied plan, including capital, plant, equipment, working capital and inven-
21 tory expenses.
- 22 (p) “Qualified first-time homebuyer” means a taxpayer, and, if mar-
23 ried, the taxpayer’s spouse, who has no present ownership interest in a
24 principal residence during the three-year period ending on the date on
25 which a binding contract to acquire, construct or reconstruct the principal
26 residence to which this subsection applies is entered into.
- 27 (q) “Qualified plan” means a business plan which:
- 28 (1) Is approved by a financial institution, or by a nonprofit loan fund
29 having demonstrated fiduciary integrity;
- 30 (2) includes a description of services or goods to be sold, a marketing
31 plan and projected financial statements; and
- 32 (3) may require the eligible individual to obtain the assistance of an
33 experienced entrepreneurial advisor.
- 34 (r) “Qualified principal residence” means a principal residence, the
35 qualified acquisition costs of which do not exceed 100% of the average
36 area purchase price applicable to such residence.
- 37 (s) “Secretary” means the secretary of commerce.
- 38 New Sec. 3. (a) There is hereby established within the department
39 a program to be known as the individual development account program.
40 The program shall provide eligible families and individuals with an op-
41 portunity to establish special savings accounts for moneys which may be
42 used by such families and individuals for the purposes enumerated by
43 section 4, and amendments thereto.

- 1 (b) The secretary shall adopt rules and regulations and policies to
2 implement and administer the provisions of sections 1 through 8, and
3 amendments thereto.
- 4 (c) The secretary shall enter into contracts as deemed appropriate to
5 carry out the provisions of this act.
- 6 (d) The department shall prepare a request for proposals from com-
7 munity-based organizations seeking to administer an individual develop-
8 ment account reserve fund on a not-for-profit basis. The community-
9 based organization proposals shall include:
- 10 (1) A requirement that the community-based organization make
11 matching contributions to the development account of an individual ac-
12 count holder's or family's contributions to the individual development
13 account;
- 14 (2) a process for including account holders in decision making re-
15 garding the investment of funds in the accounts;
- 16 (3) specifications of the population or populations targeted for pri-
17 ority participation in the program;
- 18 (4) a requirement that the individual account holder or the family of
19 the account holder attend economic education seminars;
- 20 (5) a process for including economic education seminars in the in-
21 dividual development account program;
- 22 (6) a process for regular evaluation and review of individual devel-
23 opment accounts to ensure program compliance by account holders; and
- 24 (7) a requirement that the community-based organization obtain an
25 annual independent audit of the organization's administration of the pro-
26 visions of sections 1 through 8, and amendments thereto.
- 27 (e) A notice of the request for proposals shall be published once in
28 the Kansas register at least 10 days before any action thereon.
- 29 (f) In reviewing the proposals of community-based organizations, the
30 department shall consider the following factors:
- 31 (1) The not-for-profit status or tribal status of such community-based
32 organization;
- 33 (2) the fiscal accountability of the community-based organization;
- 34 (3) the ability of the community-based organization to provide or
35 raise moneys for matching contributions;
- 36 (4) the ability of the community-based organization to establish and
37 administer an individual development reserve fund account which shall
38 receive all contributions from program contributors; and
- 39 (5) the significance and quality of proposed auxiliary services, includ-
40 ing economic education seminars and their relationship to the goals of
41 the individual development account program.
- 42 (g) No more than 20% of all funds in the reserve fund account may
43 be used for administrative costs of the program in the first and second

1 years of the program, and no more than 15% of such funds may be used
2 for administrative costs in any subsequent year. Funds deposited by ac-
3 count holders shall not be used for administrative costs.

4 New Sec. 4. A family or individual whose household income is less
5 than or equal to 200% of the federal poverty level may open an individual
6 development account for the purpose of accumulating and withdrawing
7 moneys for specified expenditures. The account holder may withdraw
8 moneys from the account on the approval of the community-based or-
9 ganization, without penalty, for any of the following expenditures:

10 (a) Postsecondary educational costs for any family member paid from
11 the account directly to an eligible educational institution as determined
12 by the secretary;

13 (b) job training costs for any family member 18 years of age or older,
14 at an accredited or licensed training program;

15 (c) qualified acquisition costs with respect to a qualified principal res-
16 idence for a qualified first-time home buyer paid directly to the persons
17 to whom the amounts are due;

18 (d) major repairs or improvements to a primary residence; or

19 (e) qualified business capitalization expenses paid directly to a busi-
20 ness capitalization account which is established in a federally insured fi-
21 nancial institution which is restricted for such expenses.

22 New Sec. 5. (a) Financial institutions seeking to open and maintain
23 individual development accounts approved by the secretary for account
24 holders shall be permitted to establish individual development accounts
25 pursuant to sections 1 through 8, and amendments thereto.

26 (b) A financial institution establishing an individual development ac-
27 count shall:

28 (1) Keep the account in the name of the account holder;

29 (2) permit deposits to be made in the account by the following, sub-
30 ject to the indicated conditions:

31 (A) The account holder; or

32 (B) a community-based organization on behalf of the account holder.

33 Such a deposit may include moneys to match the account holder's de-
34 posits, up to a three-to-one match ratio;

35 (3) require the account to earn at least the market rate of interest;
36 and

37 (4) permit the account holder to withdraw moneys upon approval of
38 a community-based organization from the account for any of the purposes
39 listed in subsections (a) through (e) of section 4, and amendments thereto.

40 (c) The total of all deposits by the account holder into an individual
41 development account in a calendar year shall not exceed \$4,000. The total
42 balance in an individual development account at any time shall not exceed
43 \$50,000.

1 New Sec. 6. (a) Account holders who withdraw moneys from an in-
2 dividual development account not in accordance with subsections (a)
3 through (e) of section 4, and amendments thereto, shall forfeit all match-
4 ing moneys in the account.

5 (b) All moneys forfeited by an account holder pursuant to subsection
6 (a) shall be returned to the individual development account reserve fund
7 of the contributing community-based organization.

8 (c) In the event of an account holder's death, the account may be
9 transferred to the ownership of a contingent beneficiary. An account
10 holder shall name contingent beneficiaries at the time the account is
11 established and may change such beneficiaries at any time. If the named
12 beneficiary is deceased or otherwise cannot accept the transfer, the mon-
13 eys shall be transferred to the individual development account reserve
14 fund of the contributing community-based organization.

15 New Sec. 7. (a) Earnings by any financial institution attributable to
16 its individual development accounts shall be exempt from privilege tax-
17 ation imposed by article 11 of chapter 79 of the Kansas Statutes Anno-
18 tated, and amendments thereto.

19 (b) Any funds in an individual development account, including ac-
20 crued interest, shall be disregarded when determining eligibility to re-
21 ceive, or the amount of, any public assistance or benefits.

22 New Sec. 8. (a) A program contributor shall be allowed a credit
23 against state income tax imposed under the Kansas income tax act in an
24 amount not to exceed 50% of the contribution amount. If the amount of
25 the credit allowed by this section exceeds the taxpayer's income tax li-
26 ability imposed under the Kansas income tax act, such excess amount shall
27 be refunded to the taxpayer. No credit pursuant to this section shall be
28 allowed for any contribution made by a program contributor which also
29 qualified for a community services tax credit pursuant to the provisions
30 of K.S.A. 79-32,195, *et seq.*, and amendments thereto.

31 (b) The secretary of revenue shall verify all tax credit claims by con-
32 tributors. The administration of the community-based organization, with
33 the cooperation of the participating financial institutions, shall submit the
34 names of contributors and the total amount each contributor contributes
35 to the individual development account reserve fund for the calendar year.
36 The secretary of revenue shall determine the date by which such infor-
37 mation shall be submitted to the secretary of revenue by the local ad-
38 ministrator. The secretary of revenue shall submit verification of qualified
39 tax credits pursuant to sections 1 through 8, and amendments thereto, to
40 the department of commerce.

41 (c) The total tax credits authorized pursuant to this section shall not
42 exceed \$500,000 in any fiscal year.

43 (d) Any program contributor not subject to Kansas income tax, here-

1 inafter designated the assignor, may sell, assign, convey or otherwise
2 transfer tax credits allowed and earned pursuant to this section, and
3 amendments thereto, for an amount not less than 50% of the value of
4 any such credit. Such credits shall be deemed to be allowed and earned
5 by any such program contributor which is only disqualified therefrom by
6 reason of not being subject to such Kansas taxes. The program contributor
7 acquiring earned credits, hereinafter designated the assignee, may use
8 the amount of the acquired credits to offset up to 100% of its income tax
9 liability for the taxable year in which such acquisition was made. Only the
10 full credit amount for any one contribution may be transferred and such
11 credit may be transferred one time. Unused credit amounts claimed by
12 the assignee may be carried forward for up to five years, except that all
13 such amounts shall be claimed within 10 years following the tax year in
14 which the contribution was made. The assignor shall enter into a written
15 agreement with the assignee establishing the terms and conditions of the
16 agreement and shall perfect such transfer by notifying the secretary of
17 revenue in writing within 30 calendar days following the effective date of
18 the transfer and shall provide any information as may be required by the
19 secretary of revenue to administer and carry out the provisions of this
20 subsection. The amount received by the assignor of such tax credit shall
21 be taxable as income of the assignor, and the excess of the value of such
22 credit over the amount paid by the assignee for such credit shall be taxable
23 as income of the assignee.

24 (e) The provisions of this section shall be applicable to all taxable
25 years commencing after December 31, 2004.

26 Sec. 9. K.S.A. 74-5005 is hereby amended to read as follows: 74-
27 5005. The department shall be the lead agency of the state for economic
28 development of commerce through the promotion of business, industry,
29 trade and tourism within the state. In general, but not by way of limitation,
30 the department shall have, exercise and perform the following powers
31 and duties:

32 (a) To assume central responsibility for implementing all facets of a
33 comprehensive, long-term, economic development strategy and for co-
34 ordinating the efforts of both state agencies and local economic devel-
35 opment groups as they relate to that objective;

36 (b) to coordinate the implementation of the strategy with all other
37 state and local agencies and offices and state educational institutions
38 which do research work, develop materials and programs, gather statistics,
39 or which perform functions related to economic development; and such
40 state and local agencies and offices and state educational institutions shall
41 advise and cooperate with the department in the planning and accom-
42 plishment of the purposes of this act;

43 (c) to advise and cooperate with all federal departments, research

1 institutions, educational institutions and agencies, quasi-public profes-
2 sional societies, private business and agricultural organizations and asso-
3 ciations, and any other party, public or private, and to call upon such
4 parties for consultation, and assistance in their respective fields of inter-
5 est, to the end that all up to date available technical advice, information
6 and assistance be gathered for the use of the department, the governor,
7 the legislature, and the people of this state;

8 (d) to enter into agreements necessary to carry out the purposes of
9 this act;

10 (e) to conduct an effective business information service, keeping up
11 to date information on such things as manufacturing industries, labor
12 supply and economic trends in employment, income, savings and pur-
13 chasing power within the state, utilizing the services and information
14 available from the division of the budget of the department of
15 administration;

16 (f) to support a coordinated program of scientific and industrial re-
17 search with the objective of developing additional uses of the state's nat-
18 ural resources, agriculture, agricultural products, new and better indus-
19 trial products and processes, and the best possible utilization of the raw
20 materials in the state; and to coordinate this responsibility with the state
21 educational institutions, with all state and federal agencies, and all public
22 and private institutions within or outside the state, all in an effort to assist
23 and encourage new industries or expansion of existing industries through
24 basic research, applied research and new development;

25 (g) to maintain and keep current all available information regarding
26 the industrial opportunities and possibilities of the state, including raw
27 materials and by-products; power and water resources; transportation fa-
28 cilities; available markets and the marketing limitations of the state; labor
29 supply; banking and financing facilities; availability of industrial sites; and
30 the advantages the state and its particular sections have as industrial lo-
31 cations; and such information shall be used for the encouragement of new
32 industries in the state and the expansion of existing industries within the
33 state;

34 (h) to publicize information and the economic advantages of the state
35 which make it a desirable place for commercial and industrial operations
36 and as a good place in which to live;

37 (i) to establish a clearinghouse for the collection and dissemination
38 of information concerning the number and location of public and private
39 postsecondary vocational and technical education programs in areas crit-
40 ical to economic development;

41 (j) to acquaint the people of this state with the industries within the
42 state and encourage closer cooperation between the farming, commercial
43 and industrial enterprises and the people of the state;

1 (k) to encourage and promote the traveling public to visit this state
2 by publicizing information as to the recreational, historic and natural ad-
3 vantages of the state and its facilities for transient travel and to contract
4 with organizations for the purpose of promoting tourism within the state;
5 and the department may request other state agencies such as, but not
6 limited to, the Kansas water office, the Kansas department of wildlife and
7 parks and the department of transportation, for assistance and all such
8 agencies shall coordinate information and their respective efforts with the
9 department to most efficiently and economically carry out the purpose
10 and intent of this subsection;

11 (l) to participate in economic development and planning assistance
12 programs of the federal government to political subdivisions;

13 (m) to assist counties and cities in industrial development through
14 the establishment of industrial development corporations, including site
15 surveys, small business administration situations, and render such other
16 similar assistance as may be required; and in those instances where it is
17 deemed appropriate, to contract with and make a service charge to the
18 county or city involved for such services rendered;

19 (n) to render assistance to private enterprise on planning problems
20 and site surveys upon request and shall make a reasonable service charge
21 for such services rendered; and any moneys received for services ren-
22 dered, as provided in this subsection, shall be deposited in the fund and
23 expended therefrom, as provided in subsection (o);

24 (o) to make agreements with other states and with the United States
25 government, or its agencies, and to accept funds from the federal gov-
26 ernment, or its agencies, or any other source for research studies, inves-
27 tigation, planning and other purposes related to the duties of the depart-
28 ment; and any funds so received shall be remitted to the state treasurer
29 in accordance with the provisions of K.S.A. 75-4215, and amendments
30 thereto. Upon receipt of each such remittance, the state treasurer shall
31 deposit the entire amount in the state treasury to the credit of a special
32 revenue fund which is hereby created and shall be known as the "eco-
33 nomic development fund" or used in accordance with or direction of the
34 contributing federal agencies; and expenditures from such fund may be
35 made for any purpose in keeping with the responsibilities, functions and
36 authority of the department; and warrants on such fund shall be drawn
37 in the same manner as required of other state agencies upon vouchers
38 signed by the secretary;

39 (p) to do other and further acts as shall be necessary and proper in
40 fostering and promoting the industrial development and economic wel-
41 fare of the state;

42 (q) to organize, or cause to be organized, an advisory board or boards
43 representing interested groups, including industry, labor, agriculture, sci-

1 entific research, the press, the professions, industrial associations, civic
2 groups, etc.; and such board or boards shall advise with the department
3 as to its work and the department shall, as far as practicable, cooperate
4 with such board or boards, and secure the active aid thereof in the ac-
5 complishment of the aims and objectives of the department;

6 (r) to perform the duties imposed under the *Kansas* venture capital
7 ~~tax-credit~~ *company* act;

8 (s) to serve as the central agency and clearinghouse to collect and
9 disseminate ideas and information bearing on local planning problems;
10 and, in so doing, the department, upon request of the board of county
11 commissioners of any county or the governing body of any city in the
12 state, may make a study and report upon any planning problem of such
13 county or city submitted to it; ~~and~~

14 (t) to disseminate to the public information concerning economic de-
15 velopment programs available in the state, regardless of whether such
16 programs are administered by the department or some other agency and
17 the department shall make available audio-visual and written materials
18 describing the economic development programs to local chambers of
19 commerce, economic development organizations, banks and public li-
20 braries and shall take other measures as may be necessary to effectuate
21 the purpose of this subsection; *and*

22 (u) *to perform the duties imposed under the individual development*
23 *account program act, sections 1 through 8, and amendments thereto.*

24 Sec. 10. K.S.A. 2004 Supp. 79-32,117 is hereby amended to read as
25 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
26 means such individual's federal adjusted gross income for the taxable year,
27 with the modifications specified in this section.

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

29 (i) Interest income less any related expenses directly incurred in the
30 purchase of state or political subdivision obligations, to the extent that
31 the same is not included in federal adjusted gross income, on obligations
32 of any state or political subdivision thereof, but to the extent that interest
33 income on obligations of this state or a political subdivision thereof issued
34 prior to January 1, 1988, is specifically exempt from income tax under the
35 laws of this state authorizing the issuance of such obligations, it shall be
36 excluded from computation of Kansas adjusted gross income whether or
37 not included in federal adjusted gross income. Interest income on obli-
38 gations of this state or a political subdivision thereof issued after Decem-
39 ber 31, 1987, shall be excluded from computation of Kansas adjusted
40 gross income whether or not included in federal adjusted gross income.

41 (ii) Taxes on or measured by income or fees or payments in lieu of
42 income taxes imposed by this state or any other taxing jurisdiction to the
43 extent deductible in determining federal adjusted gross income and not

- 1 credited against federal income tax. This paragraph shall not apply to taxes
2 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amend-
3 ments thereto, for privilege tax year 1995, and all such years thereafter.
- 4 (iii) The federal net operating loss deduction.
- 5 (iv) Federal income tax refunds received by the taxpayer if the de-
6 duction of the taxes being refunded resulted in a tax benefit for Kansas
7 income tax purposes during a prior taxable year. Such refunds shall be
8 included in income in the year actually received regardless of the method
9 of accounting used by the taxpayer. For purposes hereof, a tax benefit
10 shall be deemed to have resulted if the amount of the tax had been de-
11 ducted in determining income subject to a Kansas income tax for a prior
12 year regardless of the rate of taxation applied in such prior year to the
13 Kansas taxable income, but only that portion of the refund shall be in-
14 cluded as bears the same proportion to the total refund received as the
15 federal taxes deducted in the year to which such refund is attributable
16 bears to the total federal income taxes paid for such year. For purposes
17 of the foregoing sentence, federal taxes shall be considered to have been
18 deducted only to the extent such deduction does not reduce Kansas tax-
19 able income below zero.
- 20 (v) The amount of any depreciation deduction or business expense
21 deduction claimed on the taxpayer's federal income tax return for any
22 capital expenditure in making any building or facility accessible to the
23 handicapped, for which expenditure the taxpayer claimed the credit al-
24 lowed by K.S.A. 79-32,177, and amendments thereto.
- 25 (vi) Any amount of designated employee contributions picked up by
26 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
27 and amendments to such sections.
- 28 (vii) The amount of any charitable contribution made to the extent
29 the same is claimed as the basis for the credit allowed pursuant to K.S.A.
30 79-32,196, and amendments thereto.
- 31 (viii) The amount of any costs incurred for improvements to a swine
32 facility, claimed for deduction in determining federal adjusted gross in-
33 come, to the extent the same is claimed as the basis for any credit allowed
34 pursuant to K.S.A. 2004 Supp. 79-32,204 and amendments thereto.
- 35 (ix) The amount of any ad valorem taxes and assessments paid and
36 the amount of any costs incurred for habitat management or construction
37 and maintenance of improvements on real property, claimed for deduc-
38 tion in determining federal adjusted gross income, to the extent the same
39 is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203
40 and amendments thereto.
- 41 (x) Amounts received as nonqualified withdrawals, as defined by
42 K.S.A. 2004 Supp. 75-643, and amendments thereto, if, at the time of
43 contribution to a family postsecondary education savings account, such

1 amounts were subtracted from the federal adjusted gross income pur-
2 suant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amend-
3 ments thereto, or if such amounts are not already included in the federal
4 adjusted gross income.

5 (xi) *The amount of any contribution made to the same extent the same*
6 *is claimed as the basis for the credit allowed pursuant to K.S.A. 2004*
7 *Supp. 74-50,154, and amendments thereto.*

8 (xii) *For taxable years commencing after December 31, 2004, amounts*
9 *received as withdrawals not in accordance with the provisions of section*
10 *4, and amendments thereto, if, at the time of contribution to an individual*
11 *development account, such amounts were subtracted from the federal ad-*
12 *justed gross income pursuant to paragraph (xiii) of subsection (c), or if*
13 *such amounts are not already included in the federal adjusted gross*
14 *income.*

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

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

22 (ii) Any amounts received which are included in federal adjusted
23 gross income but which are specifically exempt from Kansas income tax-
24 ation under the laws of the state of Kansas.

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

33 (iv) The amount necessary to prevent the taxation under this act of
34 any annuity or other amount of income or gain which was properly in-
35 cluded in income or gain and was taxed under the laws of this state for a
36 taxable year prior to the effective date of this act, as amended, to the
37 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
38 the right to receive the income or gain, or to a trust or estate from which
39 the taxpayer received the income or gain.

40 (v) The amount of any refund or credit for overpayment of taxes on
41 or measured by income or fees or payments in lieu of income taxes im-
42 posed by this state, or any taxing jurisdiction, to the extent included in
43 gross income for federal income tax purposes.

- 1 (vi) Accumulation distributions received by a taxpayer as a beneficiary
2 of a trust to the extent that the same are included in federal adjusted
3 gross income.
- 4 (vii) Amounts received as annuities under the federal civil service
5 retirement system from the civil service retirement and disability fund
6 and other amounts received as retirement benefits in whatever form
7 which were earned for being employed by the federal government or for
8 service in the armed forces of the United States.
- 9 (viii) Amounts received by retired railroad employees as a supple-
10 mental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1)
11 *et seq.*
- 12 (ix) Amounts received by retired employees of a city and by retired
13 employees of any board of such city as retirement allowances pursuant to
14 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
15 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
16 amendments thereto.
- 17 (x) For taxable years beginning after December 31, 1976, the amount
18 of the federal tentative jobs tax credit disallowance under the provisions
19 of 26 U.S.C. 280 C. For taxable years ending after December 31, 1978,
20 the amount of the targeted jobs tax credit and work incentive credit dis-
21 allowances under 26 U.S.C. 280 C.
- 22 (xi) For taxable years beginning after December 31, 1986, dividend
23 income on stock issued by Kansas Venture Capital, Inc.
- 24 (xii) For taxable years beginning after December 31, 1989, amounts
25 received by retired employees of a board of public utilities as pension and
26 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249
27 and amendments thereto.
- 28 (xiii) For taxable years beginning after December 31, ~~1993~~ 2004,
29 *amounts contributed to and* the amount of income earned on contribu-
30 tions deposited to an individual development account under ~~K.S.A. 79-~~
31 ~~32,117~~ *section 1, et seq.*, and amendments thereto.
- 32 (xiv) For all taxable years commencing after December 31, 1996, that
33 portion of any income of a bank organized under the laws of this state or
34 any other state, a national banking association organized under the laws
35 of the United States, an association organized under the savings and loan
36 code of this state or any other state, or a federal savings association or-
37 ganized under the laws of the United States, for which an election as an
38 S corporation under subchapter S of the federal internal revenue code is
39 in effect, which accrues to the taxpayer who is a stockholder of such
40 corporation and which is not distributed to the stockholders as dividends
41 of the corporation.
- 42 (xv) For all taxable years beginning after December 31, 1999,
43 amounts not exceeding \$2,000, or \$4,000 for a married couple filing a

1 joint return, for each designated beneficiary which are contributed to a
2 family postsecondary education savings account established under the
3 Kansas postsecondary education savings program for the purpose of pay-
4 ing the qualified higher education expenses of a designated beneficiary
5 at an institution of postsecondary education. *For all taxable years begin-*
6 *ning after December 31, 2004, amounts not exceeding \$3,000, or \$6,000*
7 *for a married couple filing a joint return, for each designated beneficiary*
8 *which are contributed to a family postsecondary education savings ac-*
9 *count established under the Kansas postsecondary education savings pro-*
10 *gram for the purpose of paying the qualified higher education expenses*
11 *of a designated beneficiary at an institution of postsecondary education.*
12 The terms and phrases used in this paragraph shall have the meaning
13 respectively ascribed thereto by the provisions of K.S.A. 2004 Supp. 75-
14 643, and amendments thereto, and the provisions of such section are
15 hereby incorporated by reference for all purposes thereof.

16 (xvi) For the tax year beginning after December 31, 2004, an amount
17 not exceeding \$500; for the tax year beginning after December 31, 2005,
18 an amount not exceeding \$600; for the tax year beginning after December
19 31, 2006, an amount not exceeding \$700; for the tax year beginning after
20 December 31, 2007, an amount not exceeding \$800; for the tax year
21 beginning December 31, 2008, an amount not exceeding \$900; and for
22 all taxable years commencing after December 31, 2009, an amount not
23 exceeding \$1,000 of the premium costs for qualified long-term care in-
24 surance contracts, as defined by subsection (b) of section 7702B of public
25 law 104-191.

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

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

35 Sec. 11. K.S.A. 74-5005 and 79-32,117h and K.S.A. 2004 Supp. 79-
36 32,117, 79-32,117j and 79-32,117k are hereby repealed.

37 Sec. 12. This act shall take effect and be in force from and after its
38 publication in the Kansas register.