

HOUSE BILL No. 2445

By Committee on Taxation

Requested by Representative Bryce

1-14

AN ACT concerning income taxation; relating to Kansas adjusted gross income; enacting the health care sharing ministries tax deduction act; providing a subtraction modification for qualified health care sharing expenses paid by a qualified individual and certain qualified health care shares received by a qualified individual; amending K.S.A. 2025 Supp. 79-32,117 and repealing the existing section.

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

New Section 1. The provisions of sections 1 through 3, and amendments thereto, shall be known and may be cited as the health care sharing ministries tax deduction act.

New Sec. 2. As used in this act:

(a) "Health care sharing ministry" means a nonprofit organization that:

(1) Is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, as amended;

(2) limits such organization's membership to members who share a common set of ethical or religious beliefs;

(3) acts as a facilitator among members who have financial or medical needs that are qualified in accordance with criteria established by the organization and members who have the present ability to assist with financial or medical needs;

(4) provides for the financial or medical needs of a member through contributions from other members;

(5) provides amounts that members may contribute with no assumption of risk or promise to pay among the members and provides that there is no assumption of risk or promise to pay by the organization to the members;

(6) provides a written statement at least quarterly to all members that specifies:

(A) The total dollar amount of qualified needs submitted to the organization; and

(B) the actual amount published or assigned to members for contributions;

(7) conducts an annual audit that is performed by an independent

1 certified public accountant in accordance with generally accepted
2 accounting principles and is made available to the public by providing a
3 copy upon request or posting on the organization's website; and

4 (8) provides a written disclaimer on or accompanying all applications
5 and guideline materials distributed by or on behalf of the organization that
6 reads, in substance:

7 "Notice: The organization facilitating the sharing of medical expenses
8 is not an insurance company, and neither its guidelines nor its plan of
9 operation is an insurance policy. Whether anyone chooses to assist you
10 with your medical bills will be totally voluntary as no member will be
11 compelled to contribute toward your medical bills. As such, participation
12 in the organization or a subscription to any of its documents should never
13 be considered to be insurance. Regardless of whether you receive any
14 payments for medical expenses or whether this organization continues to
15 operate, you are always personally responsible for the payment of your
16 own medical bills."

17 (b) "Qualified health care share received" means an amount that a
18 taxpayer receives as a member of a health care sharing ministry to assist
19 with a medical expense.

20 (c) "Qualified health care sharing expenses" means the amount paid
21 by a qualified individual for membership in a health care sharing ministry
22 for the individual, or the individual's spouse or dependent, including
23 amounts paid:

24 (1) As contributions for the sharing of medical expenses with respect
25 to such ministry; and

26 (2) for administrative fees of such ministry.

27 (d) "Qualified individual" means an individual who is:

28 (1) A resident of Kansas; and

29 (2) a member of a health care sharing ministry for at least one month
30 during a taxable year for which the individual claims a subtraction
31 modification under this act and K.S.A. 79-32,117(c), and amendments
32 thereto.

33 New Sec. 3. (a) For all taxable years beginning after December 31,
34 2026, and for purposes of the Kansas income tax act, a qualified individual
35 taxpayer shall be allowed to subtract from such taxpayer's federal adjusted
36 gross income an amount equal to the total amount of qualified health care
37 sharing expenses paid by the qualified individual taxpayer during the
38 taxable year as provided in K.S.A. 79-32,117(c), and amendments thereto.
39 The subtraction modification shall only be allowed to the extent that such
40 amounts are not already deducted on the taxpayer's federal income tax
41 return for such taxable year when determining the taxpayer's federal
42 adjusted gross income or are not otherwise subtracted or deducted from the
43 taxpayer's federal adjusted gross income.

1 (b) For all taxable years beginning after December 31, 2026, any
2 qualified health care share received by a qualified individual taxpayer
3 during the taxable year and used for medical expenses shall not be
4 considered taxable income for purposes of the Kansas income tax act. In
5 the event that such qualified health care share received by a qualified
6 individual taxpayer is treated as income for purposes of federal income
7 taxation and is included in the taxpayer's federal adjusted gross income,
8 the taxpayer shall be allowed to subtract from such taxpayer's federal
9 adjusted gross income an amount equal to the amount of such qualified
10 health care share received and included in the taxpayer's federal adjusted
11 gross income as provided in K.S.A. 79-32,117(c), and amendments
12 thereto. The subtraction modification shall only be allowed to the extent
13 that such amounts are included in the taxpayer's federal adjusted gross
14 income and are not otherwise subtracted or deducted from the taxpayer's
15 federal adjusted gross income.

16 (c) A qualified individual taxpayer shall claim the subtraction
17 modification on the taxpayer's annual state of Kansas income tax return in
18 the manner prescribed by the department of revenue. The qualified
19 individual taxpayer shall provide to the department of revenue any
20 information or documentation that the department determines is necessary
21 to determine eligibility and calculate the amount of the subtraction
22 modification.

23 Sec. 4. K.S.A. 2025 Supp. 79-32,117 is hereby amended to read as
24 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
25 means such individual's federal adjusted gross income for the taxable year,
26 with the modifications specified in this section.

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

28 (i) Interest income less any related expenses directly incurred in the
29 purchase of state or political subdivision obligations, to the extent that the
30 same is not included in federal adjusted gross income, on obligations of
31 any state or political subdivision thereof, but to the extent that interest
32 income on obligations of this state or a political subdivision thereof issued
33 prior to January 1, 1988, is specifically exempt from income tax under the
34 laws of this state authorizing the issuance of such obligations, it shall be
35 excluded from computation of Kansas adjusted gross income whether or
36 not included in federal adjusted gross income. Interest income on
37 obligations of this state or a political subdivision thereof issued after
38 December 31, 1987, shall be excluded from computation of Kansas
39 adjusted gross income whether or not included in federal adjusted gross
40 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
3 amendments thereto, for privilege tax year 1995, and all such years
4 thereafter.

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

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

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

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

31 (vii) The amount of any charitable contribution made to the extent the
32 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
33 32,196, and amendments thereto.

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

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

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

7 (xi) The amount of any contribution made to the same extent the
8 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
9 50,154, and amendments thereto.

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

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

21 (xiv) 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. 79-32,221, and amendments
24 thereto.

25 (xv) The amount of any expenditures claimed for deduction in
26 determining federal adjusted gross income, to the extent the same is
27 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
28 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
29 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
30 32,251 through 79-32,254, and amendments thereto.

31 (xvi) 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. 79-32,227, 79-32,232, 79-
34 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

39 (xviii) For taxable years commencing after December 31, 2006, the
40 amount of any ad valorem or property taxes and assessments paid to a state
41 other than Kansas or local government located in a state other than Kansas
42 by a taxpayer who resides in a state other than Kansas, when the law of
43 such state does not allow a resident of Kansas who earns income in such

1 other state to claim a deduction for ad valorem or property taxes or
2 assessments paid to a political subdivision of the state of Kansas in
3 determining taxable income for income tax purposes in such other state, to
4 the extent that such taxes and assessments are claimed as an itemized
5 deduction for federal income tax purposes.

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

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

32 (xxi) For taxable years beginning after December 31, 2012, and
33 ending before January 1, 2017, the amount of any deduction for pension,
34 profit sharing, and annuity plans of self-employed individuals under
35 section 62(a)(6) of the federal internal revenue code as in effect on January
36 1, 2012, and amendments thereto, in determining the federal adjusted gross
37 income of an individual taxpayer.

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

43 (xxiii) For taxable years beginning after December 31, 2012, and

1 ending before January 1, 2017, the amount of any deduction for domestic
2 production activities under section 199 of the federal internal revenue code
3 as in effect on January 1, 2012, and amendments thereto, in determining
4 the federal adjusted gross income of an individual taxpayer.

5 (xxiv) For taxable years commencing after December 31, 2013, that
6 portion of the amount of any expenditure deduction claimed in
7 determining federal adjusted gross income for expenses paid for medical
8 care of the taxpayer or the taxpayer's spouse or dependents when such
9 expenses were paid or incurred for an abortion, or for a health benefit plan,
10 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
11 an optional rider for coverage of abortion in accordance with K.S.A. 40-
12 2,190, and amendments thereto, to the extent that such taxes and
13 assessments are claimed as an itemized deduction for federal income tax
14 purposes.

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

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

31 (xxvii) For all taxable years commencing after December 31, 2020,
32 the amount of any interest expense paid or accrued in a previous taxable
33 year but allowed as a deduction pursuant to section 163 of the federal
34 internal revenue code in the current taxable year by reason of the
35 carryforward of disallowed business interest pursuant to section 163(j) of
36 the federal internal revenue code. For purposes of this paragraph, an
37 interest expense is considered paid or accrued only in the first taxable year
38 the deduction would have been allowable pursuant to section 163 of the
39 federal internal revenue code if the limitation pursuant to section 163(j) of
40 the federal internal revenue code did not exist.

41 (xxviii) For all taxable years beginning after December 31, 2021, the
42 amount of any contributions to, or earnings from, a first-time home buyer
43 savings account if distributions from the account were not used to pay for

1 expenses or transactions authorized pursuant to K.S.A. 58-4904, and
2 amendments thereto, or were not held for the minimum length of time
3 required pursuant to K.S.A. 58-4904, and amendments thereto.
4 Contributions to, or earnings from, such account shall also include any
5 amount resulting from the account holder not designating a surviving
6 payable on death beneficiary pursuant to K.S.A. 58-4904(e), and
7 amendments thereto.

8 (xxix) For all taxable years beginning after December 31, 2024, the
9 amount of any contributions to, or earnings from, an adoption savings
10 account if distributions from the account were not used to pay for expenses
11 or transactions authorized pursuant to K.S.A. 2025 Supp. 38-2504, and
12 amendments thereto, or were not held for the minimum length of time
13 required pursuant to K.S.A. 2025 Supp. 38-2504, and amendments thereto.
14 Contributions to, or earnings from, such account shall also include any
15 amount resulting from the account holder not designating a surviving
16 payable on death beneficiary pursuant to K.S.A. 2025 Supp. 38-2504(e),
17 and amendments thereto.

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

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

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

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

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

43 (v) The amount of any refund or credit for overpayment of taxes on

1 or measured by income or fees or payments in lieu of income taxes
2 imposed by this state, or any taxing jurisdiction, to the extent included in
3 gross income for federal income tax purposes.

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

7 (vii) Amounts received as annuities under the federal civil service
8 retirement system from the civil service retirement and disability fund and
9 other amounts received as retirement benefits in whatever form which
10 were earned for being employed by the federal government or for service
11 in the armed forces of the United States.

12 (viii) Amounts received by retired railroad employees as a
13 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
14 228c(a)(1) et seq.

15 (ix) Amounts received by retired employees of a city and by retired
16 employees of any board of such city as retirement allowances pursuant to
17 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
18 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
19 amendments thereto.

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

23 (2) For taxable years beginning after December 31, 2019, and ending
24 before January 1, 2022, 50% of the amount of the federal employee
25 retention credit disallowance under rules similar to the rules of 26 U.S.C. §
26 280C(a). The taxpayer shall be required to prove that such taxpayer
27 previously filed Kansas income tax returns and paid Kansas income tax on
28 the disallowed amount. Notwithstanding any other provision of law to the
29 contrary, any claim for refund or amended return relating to this
30 subparagraph shall be allowed to be filed on or before April 15, 2025, and
31 no claim for refund or amended return shall be allowed or filed after April
32 15, 2025.

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

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

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

43 (xiv) For all taxable years commencing after December 31, 1996, that

1 portion of any income of a bank organized under the laws of this state or
2 any other state, a national banking association organized under the laws of
3 the United States, an association organized under the savings and loan
4 code of this state or any other state, or a federal savings association
5 organized under the laws of the United States, for which an election as an
6 S corporation under subchapter S of the federal internal revenue code is in
7 effect, which accrues to the taxpayer who is a stockholder of such
8 corporation and which is not distributed to the stockholders as dividends of
9 the corporation. For taxable years beginning after December 31, 2012, and
10 ending before January 1, 2017, the amount of modification under this
11 subsection shall exclude the portion of income or loss reported on schedule
12 E and included on line 17 of the taxpayer's form 1040 federal individual
13 income tax return.

14 (xv) The cumulative amounts not exceeding \$3,000, or \$6,000 for a
15 married couple filing a joint return, for each designated beneficiary that
16 are contributed to: (1) A family postsecondary education savings account
17 established under the Kansas postsecondary education savings program or
18 a qualified tuition program established and maintained by another state or
19 agency or instrumentality thereof pursuant to section 529 of the internal
20 revenue code of 1986, as amended, for the purpose of paying the qualified
21 higher education expenses of a designated beneficiary; or (2) an achieving
22 a better life experience (ABLE) account established under the Kansas
23 ABLE savings program or a qualified ABLE program established and
24 maintained by another state or agency or instrumentality thereof pursuant
25 to section 529A of the internal revenue code of 1986, as amended, for the
26 purpose of saving private funds to support an individual with a disability.
27 The terms and phrases used in this paragraph shall have the meaning
28 respectively ascribed thereto by the provisions of K.S.A. 75-643 and 75-
29 652, and amendments thereto, and the provisions of such sections are
30 hereby incorporated by reference for all purposes thereof. For all taxable
31 years beginning after December 31, 2022, contributions made to a
32 qualified tuition program account or a qualified ABLE program account
33 pursuant to this paragraph on and after January 1 but prior to the date
34 required for filing a return pursuant to K.S.A. 79-3221, and amendments
35 thereto, of the successive taxable year may be elected by the taxpayer to
36 apply to the prior taxable year if such election is made at the time of filing
37 the return. No contribution shall be used as a modification pursuant to this
38 paragraph in more than one taxable year.

39 (xvi) For all taxable years beginning after December 31, 2004,
40 amounts received by taxpayers who are or were members of the armed
41 forces of the United States, including service in the Kansas army and air
42 national guard, as a recruitment, sign up or retention bonus received by
43 such taxpayer as an incentive to join, enlist or remain in the armed services

1 of the United States, including service in the Kansas army and air national
2 guard, and amounts received for repayment of educational or student loans
3 incurred by or obligated to such taxpayer and received by such taxpayer as
4 a result of such taxpayer's service in the armed forces of the United States,
5 including service in the Kansas army and air national guard.

6 (xvii) For all taxable years beginning after December 31, 2004,
7 amounts received by taxpayers who are eligible members of the Kansas
8 army and air national guard as a reimbursement pursuant to K.S.A. 48-
9 281, and amendments thereto, and amounts received for death benefits
10 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
11 such death benefits are included in federal adjusted gross income of the
12 taxpayer.

13 (xviii) (A) For all taxable years beginning after December 31, 2007,
14 and ending before January 1, 2024, amounts received as benefits under the
15 federal social security act which are included in federal adjusted gross
16 income of a taxpayer with federal adjusted gross income of \$75,000 or
17 less, whether such taxpayer's filing status is single, head of household,
18 married filing separate or married filing jointly.

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

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

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

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

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

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

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

37 (xxv) For all taxable years commencing after December 31, 2020,
38 100% of global intangible low-taxed income under section 951A of the
39 federal internal revenue code of 1986, before any deductions allowed
40 under section 250(a)(1)(B) of such code.

41 (xxvi) (1) For all taxable years commencing after December 31,
42 2020, the amount of any interest expense paid or accrued in the current
43 taxable year and disallowed as a deduction pursuant to section 163(j) of

1 the federal internal revenue code.

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

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

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. 58-4903, and amendments thereto, in an amount not to
19 exceed \$3,000 for an individual or \$6,000 for a married couple filing a
20 joint return; or (2) amounts received as income earned from assets in a
21 first-time home buyer savings account. For all taxable years beginning
22 after December 31, 2022, contributions made to a first-time home buyer
23 savings account pursuant to subparagraph (1) on and after January 1 but
24 prior to the date required for filing a return pursuant to K.S.A. 79-3221,
25 and amendments thereto, of the successive taxable year may be elected by
26 the taxpayer to apply to the prior taxable year if such election is made at
27 the time of filing the return. No contribution shall be used as a
28 modification pursuant to subparagraph (1) in more than one taxable year.

29 (xxix) For taxable years beginning after December 31, 2017, for an
30 individual taxpayer who carried back federal net operating losses arising in
31 a taxable year beginning after December 31, 2017, and before January 1,
32 2021, pursuant to section 172(b)(1) of the federal internal revenue code as
33 amended by the coronavirus aid, relief, and economic security act
34 (CARES act), the amount of such federal net operating loss carryback for
35 each applicable year. If the amount of such federal net operating loss
36 carryback exceeds the taxpayer's Kansas adjusted gross income for such
37 taxable year, the amount thereof that exceeds such Kansas adjusted gross
38 income may be carried forward as a subtraction modification in the
39 following taxable year or years until the total amount of such federal net
40 operating loss carryback has been deducted, except that no such unused
41 amount shall be carried forward for deduction as a subtraction
42 modification after the 20th taxable year following the taxable year of the
43 net operating loss. Notwithstanding any other provision of law to the

contrary, an extension of time shall be allowed for a claim for refund or amended return for tax years 2018, 2019 or 2020 limited to the application of the provisions of this paragraph and such claim for refund or amended return must be filed on or before April 15, 2025.

(xxx) For all taxable years beginning after December 31, 2024: (1) The amount contributed to an adoption savings account pursuant to K.S.A. 2025 Supp. 38-2503, and amendments thereto, in an amount not to exceed \$6,000 for an individual or \$12,000 for a married couple filing a joint return; or (2) amounts received as income earned from assets in an adoption savings account.

(xxxi) *For all taxable years beginning after December 31, 2026: (1) Amounts of qualified health care sharing expenses paid by a qualified individual taxpayer during the taxable year as provided in section 3, and amendments thereto, to the extent that such amounts are not already deducted on the taxpayer's federal income tax return for such taxable year when determining the taxpayer's federal adjusted gross income or are not otherwise subtracted or deducted from the taxpayer's federal adjusted gross income; and (2) amounts of qualified health care share received by a qualified individual taxpayer during the taxable year and used for medical expenses as provided in section 3, and amendments thereto, to the extent that such amounts are included in the taxpayer's federal adjusted gross income and are not otherwise subtracted or deducted from the taxpayer's federal adjusted gross income.*

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

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

Sec. 5. K.S.A. 2025 Supp. 79-32,117 is hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.