

HOUSE BILL No. 2602

By Committee on Insurance

Requested by Representative L. Williams

1-29

1 AN ACT concerning labor and employment; relating to employment
2 benefits; establishing requirements for a portable benefit plan for an
3 independent contractor; determining type and amount of contributions
4 to a portable benefit plan; providing for a subtraction modification for
5 contributions to a portable benefit plan for Kansas income tax
6 purposes; amending K.S.A. 2025 Supp. 79-32,117 and repealing the
7 existing section.
8

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

10 New Section 1. (a) As used in this section:

11 (1) "Bank" means a bank incorporated under the laws of this state or
12 organized under the laws of the United States, another state or a territory
13 of the United States that are insured by the federal deposit insurance
14 corporation.

15 (2) "Hiring party" means any person or entity, whether public or
16 private, including an internet or application-based company that hires or
17 enters into a contract with an independent contractor.

18 (3) "Independent contractor" means an individual that performs
19 services for remuneration for a specific result under the control of the
20 hiring party as to the result of the individual's work only and not as to the
21 means by which such result is accomplished or an individual who
22 performs services for remuneration and is not an employee under the
23 common law rules that may be applicable to determining an employer-
24 employee relationship, as applied for federal employment tax purposes.

25 (4) "Portable benefit plan" means a benefit plan that is administered
26 by a third-party portable benefit plan provider chosen by the independent
27 contractor and assigned to a beneficiary. "Portable benefit plan" does not
28 include a benefit plan administered by a hiring party.

29 (5) "Portable benefit plan provider" means the administrator of a
30 portable benefit account, who may be:

31 (A) A bank;
32 (B) an investment management firm;
33 (C) a technology provider or program manager that offers services
34 through a bank or investment management firm; or
35 (D) other person or entity that is determined by the state bank

1 commissioner to meet requirements for administration of a plan under this
2 section.

3 (b) A portable benefit plan provider shall provide one or more of the
4 following in a portable benefit plan:

- 5 (1) Health insurance;
- 6 (2) income replacement insurance;
- 7 (3) disability insurance;
- 8 (4) life insurance; or
- 9 (5) retirement benefits.

10 (c) Any hiring party may contribute funds to a portable benefit
11 account. The contributions may be made using:

- 12 (1) Funds of the independent contractor;
- 13 (2) funds of the hiring party; or
- 14 (3) a percentage of funds withheld from compensation owed to an
15 independent contractor if the:

- 16 (A) Withholding of compensation is expressly agreed to in writing;
- 17 (B) written agreement is clear, unambiguous and prominently
18 displayed in a contract or invoice of services provided;
- 19 (C) withholding is voluntarily elected by the independent contractor
20 and requires the contractor to opt into the plan; and
- 21 (D) independent contractor may opt out of the withholding at any
22 time.

23 (d) Contributions to a portable benefit account shall not be used as
24 criterion for determining a worker's employment classification.

25 Sec. 2. K.S.A. 2025 Supp. 79-32,117 is hereby amended to read as
26 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
27 means such individual's federal adjusted gross income for the taxable year,
28 with the modifications specified in this section.

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

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

43 (ii) Taxes on or measured by income or fees or payments in lieu of

1 income taxes imposed by this state or any other taxing jurisdiction to the
2 extent deductible in determining federal adjusted gross income and not
3 credited against federal income tax. This paragraph shall not apply to taxes
4 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
5 amendments thereto, for privilege tax year 1995, and all such years
6 thereafter.

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

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

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

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

33 (vii) The amount of any charitable contribution made to the extent the
34 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
35 32,196, and amendments thereto.

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

40 (ix) The amount of any ad valorem taxes and assessments paid and
41 the amount of any costs incurred for habitat management or construction
42 and maintenance of improvements on real property, claimed for deduction
43 in determining federal adjusted gross income, to the extent the same is

1 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,
2 and amendments thereto.

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

9 (xi) The amount of any contribution made to the same extent the
10 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
11 50,154, and amendments thereto.

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

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

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

27 (xv) The amount of any expenditures claimed for deduction in
28 determining federal adjusted gross income, to the extent the same is
29 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
30 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
31 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
32,251 through 79-32,254, and amendments thereto.

33 (xvi) The amount of any amortization deduction claimed in
34 determining federal adjusted gross income to the extent the same is
35 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
36 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

41 (xviii) For taxable years commencing after December 31, 2006, the
42 amount of any ad valorem or property taxes and assessments paid to a state
43 other than Kansas or local government located in a state other than Kansas

1 by a taxpayer who resides in a state other than Kansas, when the law of
2 such state does not allow a resident of Kansas who earns income in such
3 other state to claim a deduction for ad valorem or property taxes or
4 assessments paid to a political subdivision of the state of Kansas in
5 determining taxable income for income tax purposes in such other state, to
6 the extent that such taxes and assessments are claimed as an itemized
7 deduction for federal income tax purposes.

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

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

34 (xxi) For taxable years beginning after December 31, 2012, and
35 ending before January 1, 2017, the amount of any deduction for pension,
36 profit sharing, and annuity plans of self-employed individuals under
37 section 62(a)(6) of the federal internal revenue code as in effect on January
38 1, 2012, and amendments thereto, in determining the federal adjusted gross
39 income of an individual taxpayer.

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

1 federal adjusted gross income of an individual taxpayer.

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

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

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

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

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

43 (xxviii) For all taxable years beginning after December 31, 2021, the

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

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

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

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

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

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

1 the taxpayer received the income or gain.

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

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

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

14 (viii) Amounts received by retired railroad employees as a
15 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
16 228c(a)(1) et seq.

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

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

25 (2) For taxable years beginning after December 31, 2019, and ending
26 before January 1, 2022, 50% of the amount of the federal employee
27 retention credit disallowance under rules similar to the rules of 26 U.S.C. §
28 280C(a). The taxpayer shall be required to prove that such taxpayer
29 previously filed Kansas income tax returns and paid Kansas income tax on
30 the disallowed amount. Notwithstanding any other provision of law to the
31 contrary, any claim for refund or amended return relating to this
32 subparagraph shall be allowed to be filed on or before April 15, 2025, and
33 no claim for refund or amended return shall be allowed or filed after April
34 15, 2025.

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

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

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

1 amendments thereto.

2 (xiv) For all taxable years commencing after December 31, 1996, that
3 portion of any income of a bank organized under the laws of this state or
4 any other state, a national banking association organized under the laws of
5 the United States, an association organized under the savings and loan
6 code of this state or any other state, or a federal savings association
7 organized under the laws of the United States, for which an election as an
8 S corporation under subchapter S of the federal internal revenue code is in
9 effect, which accrues to the taxpayer who is a stockholder of such
10 corporation and which is not distributed to the stockholders as dividends of
11 the corporation. For taxable years beginning after December 31, 2012, and
12 ending before January 1, 2017, the amount of modification under this
13 subsection shall exclude the portion of income or loss reported on schedule
14 E and included on line 17 of the taxpayer's form 1040 federal individual
15 income tax return.

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

41 (xvi) For all taxable years beginning after December 31, 2004,
42 amounts received by taxpayers who are or were members of the armed
43 forces of the United States, including service in the Kansas army and air

1 national guard, as a recruitment, sign up or retention bonus received by
2 such taxpayer as an incentive to join, enlist or remain in the armed services
3 of the United States, including service in the Kansas army and air national
4 guard, and amounts received for repayment of educational or student loans
5 incurred by or obligated to such taxpayer and received by such taxpayer as
6 a result of such taxpayer's service in the armed forces of the United States,
7 including service in the Kansas army and air national guard.

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

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

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

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

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

1 F, shall be to such form and schedules as they existed for tax year 2011
2 and as revised thereafter by the internal revenue service.

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

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

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

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

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

43 (xxvi) (1) For all taxable years commencing after December 31,

1 2020, the amount of any interest expense paid or accrued in the current
2 taxable year and disallowed as a deduction pursuant to section 163(j) of
3 the federal internal revenue code.

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

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

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

18 (xxviii) For all taxable years beginning after December 31, 2021: (1)
19 The amount contributed to a first-time home buyer savings account
20 pursuant to K.S.A. 58-4903, and amendments thereto, in an amount not to
21 exceed \$3,000 for an individual or \$6,000 for a married couple filing a
22 joint return; or (2) amounts received as income earned from assets in a
23 first-time home buyer savings account. For all taxable years beginning
24 after December 31, 2022, contributions made to a first-time home buyer
25 savings account pursuant to subparagraph (1) on and after January 1 but
26 prior to the date required for filing a return pursuant to K.S.A. 79-3221,
27 and amendments thereto, of the successive taxable year may be elected by
28 the taxpayer to apply to the prior taxable year if such election is made at
29 the time of filing the return. No contribution shall be used as a
30 modification pursuant to subparagraph (1) in more than one taxable year.

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

1 modification after the 20th taxable year following the taxable year of the
2 net operating loss. Notwithstanding any other provision of law to the
3 contrary, an extension of time shall be allowed for a claim for refund or
4 amended return for tax years 2018, 2019 or 2020 limited to the application
5 of the provisions of this paragraph and such claim for refund or amended
6 return must be filed on or before April 15, 2025.

7 (xxx) For all taxable years beginning after December 31, 2024: (1)
8 The amount contributed to an adoption savings account pursuant to K.S.A.
9 2025 Supp. 38-2503, and amendments thereto, in an amount not to exceed
10 \$6,000 for an individual or \$12,000 for a married couple filing a joint
11 return; or (2) amounts received as income earned from assets in an
12 adoption savings account.

13 (xxxi) *For all taxable years beginning after December 31, 2026, the
14 amount contributed to a portable benefit plan by a hiring party taxpayer
15 pursuant to section 1(c)(1) or (3), and amendments thereto, to the extent
16 that such contributions are not already deducted on the taxpayer's federal
17 income tax return for such taxable year when determining the taxpayer's
18 federal adjusted gross income or are not otherwise subtracted or deducted
19 from the taxpayer's federal adjusted gross income.*

20 (xxxii) *For all taxable years beginning after December 31, 2026, the
21 amount contributed to a portable benefit plan pursuant to section 1(c)(1)
22 or (2), and amendments thereto, to the extent that such amount is included
23 in the independent contractor taxpayer's federal adjusted gross income.*

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

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

33 Sec. 3. K.S.A. 2025 Supp. 79-32,117 is hereby repealed.

34 Sec. 4. This act shall take effect and be in force from and after its
35 publication in the statute book.