

SENATE BILL No. 368

By Committee on Assessment and Taxation

1-22

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 certified public accountant in accordance with generally accepted

1 accounting principles and is made available to the public by providing a
2 copy upon request or posting on the organization's website; and

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

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

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

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

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

25 (2) for administrative fees of such ministry.

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

27 (1) A resident of Kansas; and

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

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

43 (b) For all taxable years beginning after December 31, 2026, any

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

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

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

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

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

40 (ii) Taxes on or measured by income or fees or payments in lieu of
41 income taxes imposed by this state or any other taxing jurisdiction to the
42 extent deductible in determining federal adjusted gross income and not
43 credited against federal income tax. This paragraph shall not apply to taxes

1 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
2 amendments thereto, for privilege tax year 1995, and all such years
3 thereafter.

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

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

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

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

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

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

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

43 (x) Amounts received as nonqualified withdrawals, as defined by

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (xxiii) For taxable years beginning after December 31, 2012, and
43 ending before January 1, 2017, the amount of any deduction for domestic

1 production activities under section 199 of the federal internal revenue code
2 as in effect on January 1, 2012, and amendments thereto, in determining
3 the federal adjusted gross income of an individual taxpayer.

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

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

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

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

40 (xxviii) For all taxable years beginning after December 31, 2021, the
41 amount of any contributions to, or earnings from, a first-time home buyer
42 savings account if distributions from the account were not used to pay for
43 expenses or transactions authorized pursuant to K.S.A. 58-4904, and

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

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

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

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

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

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

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

42 (v) The amount of any refund or credit for overpayment of taxes on
43 or measured by income or fees or payments in lieu of income taxes

1 imposed by this state, or any taxing jurisdiction, to the extent included in
2 gross income for federal income tax purposes.

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

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

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

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

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

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

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

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

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

42 (xiv) For all taxable years commencing after December 31, 1996, that
43 portion of any income of a bank organized under the laws of this state or

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

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

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

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

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

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

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

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

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

43 (xxi) For all taxable years beginning after December 31, 2013,

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

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

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

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

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

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

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

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

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

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

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

1 amended return for tax years 2018, 2019 or 2020 limited to the application
2 of the provisions of this paragraph and such claim for refund or amended
3 return must be filed on or before April 15, 2025.

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

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

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

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

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

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