

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 ***In no event shall the subtraction modification for each taxable year exceed \$5,000 for an***

1 *individual or \$10,000 for a married couple filing a joint return.*}

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

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

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

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

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

42 (ii) Taxes on or measured by income or fees or payments in lieu of
43 income taxes imposed by this state or any other taxing jurisdiction to the

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

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

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

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

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

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

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

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

1 and amendments thereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (xxviii) For all taxable years beginning after December 31, 2021, the
43 amount of any contributions to, or earnings from, a first-time home buyer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 and as revised thereafter by the internal revenue service.

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

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

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

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

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

42 (xxvi) (1) For all taxable years commencing after December 31,
43 2020, the amount of any interest expense paid or accrued in the current

1 taxable year and disallowed as a deduction pursuant to section 163(j) of
2 the federal internal revenue code.

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

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

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

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

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

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

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

12 (xxxi) *For all taxable years beginning after December 31, 2026: (1)*
13 *Amounts of qualified health care sharing expenses paid by a qualified*
14 *individual taxpayer during the taxable year as provided in section 3, and*
15 *amendments thereto, to the extent that such amounts are not already*
16 *deducted on the taxpayer's federal income tax return for such taxable year*
17 *when determining the taxpayer's federal adjusted gross income or are not*
18 *otherwise subtracted or deducted from the taxpayer's federal adjusted*
19 *gross income{ and in an amount not to exceed \$5,000 for an individual*
20 *or \$10,000 for a married couple filing a joint return}; and (2) amounts of*
21 *qualified health care share received by a qualified individual taxpayer*
22 *during the taxable year and used for medical expenses as provided in*
23 *section 3, and amendments thereto, to the extent that such amounts are*
24 *included in the taxpayer's federal adjusted gross income and are not*
25 *otherwise subtracted or deducted from the taxpayer's federal adjusted*
26 *gross income.*

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

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

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

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