

**SENATE BILL No. 449**

By Committee on Assessment and Taxation

3-19

1 AN ACT concerning savings programs; relating to beneficiaries of ABLE  
2 accounts, transfers, qualified higher education expenses; income  
3 taxation, deduction for contributions; amending K.S.A. 2017 Supp. 75-  
4 655 and 79-32,117 and repealing the existing sections.

5  
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2017 Supp. 75-655 is hereby amended to read as  
8 follows: 75-655. (a) Any ABLE savings accounts established pursuant to  
9 the provisions of this act shall be opened by a designated beneficiary or a  
10 conservator or guardian of a designated beneficiary who lacks capacity to  
11 enter into a contract and each beneficiary may have only one account. The  
12 treasurer may establish a nonrefundable application fee. An application for  
13 such account shall be in the form prescribed by the treasurer and contain  
14 the:

- 15 (1) Name, address and social security number of the account owner;  
16 (2) name, address and social security number of the designated  
17 beneficiary, if the account owner is the beneficiary's conservator or  
18 guardian;  
19 (3) certification relating to no excess contributions; and  
20 (4) additional information as the treasurer may require.

21 (b) Any person may make contributions to an ABLE savings account  
22 after the account is opened, subject to the limitations imposed by section  
23 529A of the federal internal revenue code of 1986, as amended, or any  
24 rules and regulations promulgated by the secretary pursuant to this act.

25 (c) Contributions to ABLE savings accounts only may be made in  
26 cash. The treasurer or program manager shall reject or promptly withdraw  
27 contributions:

- 28 (1) In excess of the limits established pursuant to subsection (b); or  
29 (2) the total contributions if the:  
30 (A) Value of the account is equal to or greater than the account  
31 maximum established by the treasurer. Such account maximum must be  
32 equal to the account maximum for postsecondary education savings  
33 accounts established pursuant to K.S.A. 75-640 et seq., and amendments  
34 thereto; or  
35 (B) designated beneficiary is not an eligible individual in the current  
36 calendar year.

1 (d) (1) An account owner may:

2 (A) Change the designated beneficiary of an account to an individual  
3 who is a member of the family of the prior designated beneficiary in  
4 accordance with procedures established by the treasurer; and

5 (B) transfer all or a portion of an account to another ABLE savings  
6 account, the designated beneficiary of which is a member of the family as  
7 defined in section 529A of the federal internal revenue code of 1986, as  
8 amended.

9 (2) No account owner may use an interest in an account as security  
10 for a loan. Any pledge of an interest in an account shall be of no force and  
11 effect.

12 (e) (1) If there is any distribution from an account to any individual or  
13 for the benefit of any individual during a calendar year, such distribution  
14 shall be reported to the federal internal revenue service and each account  
15 owner, the designated beneficiary or the distributee to the extent required  
16 by state or federal law.

17 (2) Statements shall be provided to each account owner at least four  
18 times each year within 30 days after the end of the three-month period to  
19 which a statement relates. The statement shall identify the contributions  
20 made during the preceding three-month period, the total contributions  
21 made to the account through the end of the period, the value of the account  
22 at the end of such period, distributions made during such period and any  
23 other information that the treasurer shall require to be reported to the  
24 account owner.

25 (3) Statements and information relating to accounts shall be prepared  
26 and filed to the extent required by this act and any other state or federal  
27 law.

28 (f) (1) The program shall provide separate accounting for each  
29 designated beneficiary. An annual fee may be imposed upon the account  
30 owner for the maintenance of an account.

31 (2) Moneys in an ABLE savings account:

32 (A) shall be exempt from attachment, execution or garnishment as  
33 provided by K.S.A. 60-2308, and amendments thereto; and

34 (B) may be claimed by the Kansas medicaid plan only after the death  
35 of the designated beneficiary subject to limitations imposed by the  
36 secretary.

37 (g) *Except as otherwise provided by federal law, the proceeds from*  
38 *an account may be transferred upon the death of a designated beneficiary*  
39 *to: (1) The estate of a designated beneficiary; or (2) an account for*  
40 *another eligible individual specified by the designated beneficiary or the*  
41 *estate of the designated beneficiary. The state of Kansas, or any agency or*  
42 *instrumentality thereof, shall not seek payment under section 529A of the*  
43 *internal revenue code of 1986, as amended, from the account, or its*

1 *proceeds, for benefits provided to a designated beneficiary.*

2 Sec. 2. K.S.A. 2017 Supp. 79-32,117 is hereby amended to read as  
3 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
4 means such individual's federal adjusted gross income for the taxable year,  
5 with the modifications specified in this section.

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

7 (i) Interest income less any related expenses directly incurred in the  
8 purchase of state or political subdivision obligations, to the extent that the  
9 same is not included in federal adjusted gross income, on obligations of  
10 any state or political subdivision thereof, but to the extent that interest  
11 income on obligations of this state or a political subdivision thereof issued  
12 prior to January 1, 1988, is specifically exempt from income tax under the  
13 laws of this state authorizing the issuance of such obligations, it shall be  
14 excluded from computation of Kansas adjusted gross income whether or  
15 not included in federal adjusted gross income. Interest income on  
16 obligations of this state or a political subdivision thereof issued after  
17 December 31, 1987, shall be excluded from computation of Kansas  
18 adjusted gross income whether or not included in federal adjusted gross  
19 income.

20 (ii) Taxes on or measured by income or fees or payments in lieu of  
21 income taxes imposed by this state or any other taxing jurisdiction to the  
22 extent deductible in determining federal adjusted gross income and not  
23 credited against federal income tax. This paragraph shall not apply to taxes  
24 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and  
25 amendments thereto, for privilege tax year 1995, and all such years  
26 thereafter.

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

30 (iv) Federal income tax refunds received by the taxpayer if the  
31 deduction of the taxes being refunded resulted in a tax benefit for Kansas  
32 income tax purposes during a prior taxable year. Such refunds shall be  
33 included in income in the year actually received regardless of the method  
34 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall  
35 be deemed to have resulted if the amount of the tax had been deducted in  
36 determining income subject to a Kansas income tax for a prior year  
37 regardless of the rate of taxation applied in such prior year to the Kansas  
38 taxable income, but only that portion of the refund shall be included as  
39 bears the same proportion to the total refund received as the federal taxes  
40 deducted in the year to which such refund is attributable bears to the total  
41 federal income taxes paid for such year. For purposes of the foregoing  
42 sentence, federal taxes shall be considered to have been deducted only to  
43 the extent such deduction does not reduce Kansas taxable income below

1 zero.

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

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

10 (vii) The amount of any charitable contribution made to the extent the  
11 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
12 32,196, and amendments thereto.

13 (viii) The amount of any costs incurred for improvements to a swine  
14 facility, claimed for deduction in determining federal adjusted gross  
15 income, to the extent the same is claimed as the basis for any credit  
16 allowed pursuant to K.S.A. 2017 Supp. 79-32,204, and amendments  
17 thereto.

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

24 (x) Amounts received as nonqualified withdrawals, as defined by  
25 K.S.A. 2017 Supp. 75-643, and amendments thereto, if, at the time of  
26 contribution to a family postsecondary education savings account, such  
27 amounts were subtracted from the federal adjusted gross income pursuant  
28 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts  
29 are not already included in the federal adjusted gross income.

30 (xi) The amount of any contribution made to the same extent the  
31 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2017  
32 Supp. 74-50,154, and amendments thereto.

33 (xii) For taxable years commencing after December 31, 2004,  
34 amounts received as withdrawals not in accordance with the provisions of  
35 K.S.A. 2017 Supp. 74-50,204, and amendments thereto, if, at the time of  
36 contribution to an individual development account, such amounts were  
37 subtracted from the federal adjusted gross income pursuant to subsection  
38 (c)(xiii), or if such amounts are not already included in the federal adjusted  
39 gross income.

40 (xiii) The amount of any expenditures claimed for deduction in  
41 determining federal adjusted gross income, to the extent the same is  
42 claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp.  
43 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

1 (xiv) The amount of any amortization deduction claimed in  
2 determining federal adjusted gross income to the extent the same is  
3 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,221, and  
4 amendments thereto.

5 (xv) The amount of any expenditures claimed for deduction in  
6 determining federal adjusted gross income, to the extent the same is  
7 claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp.  
8 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233  
9 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-  
10 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

11 (xvi) The amount of any amortization deduction claimed in  
12 determining federal adjusted gross income to the extent the same is  
13 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,227, 79-  
14 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments  
15 thereto.

16 (xvii) The amount of any amortization deduction claimed in  
17 determining federal adjusted gross income to the extent the same is  
18 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,256, and  
19 amendments thereto.

20 (xviii) For taxable years commencing after December 31, 2006, the  
21 amount of any ad valorem or property taxes and assessments paid to a state  
22 other than Kansas or local government located in a state other than Kansas  
23 by a taxpayer who resides in a state other than Kansas, when the law of  
24 such state does not allow a resident of Kansas who earns income in such  
25 other state to claim a deduction for ad valorem or property taxes or  
26 assessments paid to a political subdivision of the state of Kansas in  
27 determining taxable income for income tax purposes in such other state, to  
28 the extent that such taxes and assessments are claimed as an itemized  
29 deduction for federal income tax purposes.

30 (xix) For taxable years beginning after December 31, 2012, and  
31 ending before January 1, 2017, the amount of any: (1) Loss from business  
32 as determined under the federal internal revenue code and reported from  
33 schedule C and on line 12 of the taxpayer's form 1040 federal individual  
34 income tax return; (2) loss from rental real estate, royalties, partnerships, S  
35 corporations, except those with wholly owned subsidiaries subject to the  
36 Kansas privilege tax, estates, trusts, residual interest in real estate  
37 mortgage investment conduits and net farm rental as determined under the  
38 federal internal revenue code and reported from schedule E and on line 17  
39 of the taxpayer's form 1040 federal individual income tax return; and (3)  
40 farm loss as determined under the federal internal revenue code and  
41 reported from schedule F and on line 18 of the taxpayer's form 1040  
42 federal income tax return; all to the extent deducted or subtracted in  
43 determining the taxpayer's federal adjusted gross income. For purposes of

1 this subsection, references to the federal form 1040 and federal schedule  
2 C, schedule E, and schedule F, shall be to such form and schedules as they  
3 existed for tax year 2011, and as revised thereafter by the internal revenue  
4 service.

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

13 (xxi) For taxable years beginning after December 31, 2012, and  
14 ending before January 1, 2017, the amount of any deduction for pension,  
15 profit sharing, and annuity plans of self-employed individuals under  
16 section 62(a)(6) of the federal internal revenue code as in effect on January  
17 1, 2012, and amendments thereto, in determining the federal adjusted gross  
18 income of an individual taxpayer.

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

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

29 (xxiv) For taxable years commencing after December 31, 2013, that  
30 portion of the amount of any expenditure deduction claimed in  
31 determining federal adjusted gross income for expenses paid for medical  
32 care of the taxpayer or the taxpayer's spouse or dependents when such  
33 expenses were paid or incurred for an abortion, or for a health benefit plan,  
34 as defined in K.S.A. 2017 Supp. 65-6731, and amendments thereto, for the  
35 purchase of an optional rider for coverage of abortion in accordance with  
36 K.S.A. 2017 Supp. 40-2,190, and amendments thereto, to the extent that  
37 such taxes and assessments are claimed as an itemized deduction for  
38 federal income tax purposes.

39 (xxv) For taxable years commencing after December 31, 2013, that  
40 portion of the amount of any expenditure deduction claimed in  
41 determining federal adjusted gross income for expenses paid by a taxpayer  
42 for health care when such expenses were paid or incurred for abortion  
43 coverage, a health benefit plan, as defined in K.S.A. 2017 Supp. 65-6731,

1 and amendments thereto, when such expenses were paid or incurred for  
2 abortion coverage or amounts contributed to health savings accounts for  
3 such taxpayer's employees for the purchase of an optional rider for  
4 coverage of abortion in accordance with K.S.A. 2017 Supp. 40-2,190, and  
5 amendments thereto, to the extent that such taxes and assessments are  
6 claimed as a deduction for federal income tax purposes.

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

8 (i) Interest or dividend income on obligations or securities of any  
9 authority, commission or instrumentality of the United States and its  
10 possessions less any related expenses directly incurred in the purchase of  
11 such obligations or securities, to the extent included in federal adjusted  
12 gross income but exempt from state income taxes under the laws of the  
13 United States.

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

17 (iii) The portion of any gain or loss from the sale or other disposition  
18 of property having a higher adjusted basis for Kansas income tax purposes  
19 than for federal income tax purposes on the date such property was sold or  
20 disposed of in a transaction in which gain or loss was recognized for  
21 purposes of federal income tax that does not exceed such difference in  
22 basis, but if a gain is considered a long-term capital gain for federal  
23 income tax purposes, the modification shall be limited to that portion of  
24 such gain which is included in federal adjusted gross income.

25 (iv) The amount necessary to prevent the taxation under this act of  
26 any annuity or other amount of income or gain which was properly  
27 included in income or gain and was taxed under the laws of this state for a  
28 taxable year prior to the effective date of this act, as amended, to the  
29 taxpayer, or to a decedent by reason of whose death the taxpayer acquired  
30 the right to receive the income or gain, or to a trust or estate from which  
31 the taxpayer received the income or gain.

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

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

39 (vii) Amounts received as annuities under the federal civil service  
40 retirement system from the civil service retirement and disability fund and  
41 other amounts received as retirement benefits in whatever form which  
42 were earned for being employed by the federal government or for service  
43 in the armed forces of the United States.

1 (viii) Amounts received by retired railroad employees as a  
2 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and  
3 228c (a)(1) et seq.

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

9 (x) For taxable years beginning after December 31, 1976, the amount  
10 of the federal tentative jobs tax credit disallowance under the provisions of  
11 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the  
12 amount of the targeted jobs tax credit and work incentive credit  
13 disallowances under 26 U.S.C. § 280 C.

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

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

20 (xiii) For taxable years beginning after December 31, 2004, amounts  
21 contributed to and the amount of income earned on contributions deposited  
22 to an individual development account under K.S.A. 2017 Supp. 74-50,201  
23 et seq., and amendments thereto.

24 (xiv) For all taxable years commencing after December 31, 1996, that  
25 portion of any income of a bank organized under the laws of this state or  
26 any other state, a national banking association organized under the laws of  
27 the United States, an association organized under the savings and loan  
28 code of this state or any other state, or a federal savings association  
29 organized under the laws of the United States, for which an election as an  
30 S corporation under subchapter S of the federal internal revenue code is in  
31 effect, which accrues to the taxpayer who is a stockholder of such  
32 corporation and which is not distributed to the stockholders as dividends of  
33 the corporation. For taxable years beginning after December 31, 2012, and  
34 ending before January 1, 2017, the amount of modification under this  
35 subsection shall exclude the portion of income or loss reported on schedule  
36 E and included on line 17 of the taxpayer's form 1040 federal individual  
37 income tax return.

38 (xv) For all taxable years beginning after December 31, ~~2006~~ 2017,  
39 *the cumulative* amounts not exceeding \$3,000, or \$6,000 for a married  
40 couple filing a joint return, for each designated beneficiary ~~which~~ *that* are  
41 contributed to: (1) A family postsecondary education savings account  
42 established under the Kansas postsecondary education savings program or  
43 a qualified tuition program established and maintained by another state or



1 agency or instrumentality thereof pursuant to section 529 of the internal  
2 revenue code of 1986, as amended, for the purpose of paying the qualified  
3 higher education expenses of a designated beneficiary ~~at an institution of~~  
4 ~~postsecondary education~~; or (2) *an achieving a better life experience*  
5 *(ABLE) account established under the Kansas ABLE savings program or a*  
6 *qualified ABLE program established and maintained by another state or*  
7 *agency or instrumentality thereof pursuant to section 529A of the internal*  
8 *revenue code of 1986, as amended, for the purpose of saving private funds*  
9 *to support an individual with a disability.* The terms and phrases used in  
10 this paragraph shall have the meaning respectively ascribed thereto by the  
11 provisions of K.S.A. 2017 Supp. 75-643 and 75-652, and amendments  
12 thereto, and the provisions of such ~~section~~ *sections* are hereby incorporated  
13 by reference for all purposes thereof.

14 (xvi) For all taxable years beginning after December 31, 2004,  
15 amounts received by taxpayers who are or were members of the armed  
16 forces of the United States, including service in the Kansas army and air  
17 national guard, as a recruitment, sign up or retention bonus received by  
18 such taxpayer as an incentive to join, enlist or remain in the armed services  
19 of the United States, including service in the Kansas army and air national  
20 guard, and amounts received for repayment of educational or student loans  
21 incurred by or obligated to such taxpayer and received by such taxpayer as  
22 a result of such taxpayer's service in the armed forces of the United States,  
23 including service in the Kansas army and air national guard.

24 (xvii) For all taxable years beginning after December 31, 2004,  
25 amounts received by taxpayers who are eligible members of the Kansas  
26 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
27 281, and amendments thereto, and amounts received for death benefits  
28 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section  
29 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and  
30 amendments thereto, to the extent that such death benefits are included in  
31 federal adjusted gross income of the taxpayer.

32 (xviii) For the taxable year beginning after December 31, 2006,  
33 amounts received as benefits under the federal social security act which  
34 are included in federal adjusted gross income of a taxpayer with federal  
35 adjusted gross income of \$50,000 or less, whether such taxpayer's filing  
36 status is single, head of household, married filing separate or married filing  
37 jointly; and for all taxable years beginning after December 31, 2007,  
38 amounts received as benefits under the federal social security act which  
39 are included in federal adjusted gross income of a taxpayer with federal  
40 adjusted gross income of \$75,000 or less, whether such taxpayer's filing  
41 status is single, head of household, married filing separate or married filing  
42 jointly.

43 (xix) Amounts received by retired employees of Washburn university

1 as retirement and pension benefits under the university's retirement plan.

2 (xx) For taxable years beginning after December 31, 2012, and  
3 ending before January 1, 2017, the amount of any: (1) Net profit from  
4 business as determined under the federal internal revenue code and  
5 reported from schedule C and on line 12 of the taxpayer's form 1040  
6 federal individual income tax return; (2) net income, not including  
7 guaranteed payments as defined in section 707(c) of the federal internal  
8 revenue code and as reported to the taxpayer from federal schedule K-1,  
9 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal  
10 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,  
11 partnerships, S corporations, 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 net farm profit 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 included in the taxpayer's  
18 federal adjusted gross income. For purposes of this subsection, references  
19 to the federal form 1040 and federal schedule C, schedule E, and schedule  
20 F, shall be to such form and schedules as they existed for tax year 2011  
21 and as revised thereafter by the internal revenue service.

22 (xxi) For all taxable years beginning after December 31, 2013,  
23 amounts equal to the unreimbursed travel, lodging and medical  
24 expenditures directly incurred by a taxpayer while living, or a dependent  
25 of the taxpayer while living, for the donation of one or more human organs  
26 of the taxpayer, or a dependent of the taxpayer, to another person for  
27 human organ transplantation. The expenses may be claimed as a  
28 subtraction modification provided for in this section to the extent the  
29 expenses are not already subtracted from the taxpayer's federal adjusted  
30 gross income. In no circumstances shall the subtraction modification  
31 provided for in this section for any individual, or a dependent, exceed  
32 \$5,000. As used in this section, "human organ" means all or part of a liver,  
33 pancreas, kidney, intestine, lung or bone marrow. The provisions of this  
34 paragraph shall take effect on the day the secretary of revenue certifies to  
35 the director of the budget that the cost for the department of revenue of  
36 modifications to the automated tax system for the purpose of  
37 implementing this paragraph will not exceed \$20,000.

38 (xxii) For taxable years beginning after December 31, 2012, and  
39 ending before January 1, 2017, the amount of net gain from the sale of: (1)  
40 Cattle and horses, regardless of age, held by the taxpayer for draft,  
41 breeding, dairy or sporting purposes, and held by such taxpayer for 24  
42 months or more from the date of acquisition; and (2) other livestock,  
43 regardless of age, held by the taxpayer for draft, breeding, dairy or

1 sporting purposes, and held by such taxpayer for 12 months or more from  
2 the date of acquisition. The subtraction from federal adjusted gross income  
3 shall be limited to the amount of the additions recognized under the  
4 provisions of subsection (b)(xix) attributable to the business in which the  
5 livestock sold had been used. As used in this paragraph, the term  
6 "livestock" shall not include poultry.

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

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

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

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

24 (f) No taxpayer shall be assessed penalties and interest from the  
25 underpayment of taxes due to changes to this section that became law on  
26 July 1, 2017, so long as such underpayment is rectified on or before April  
27 17, 2018.

28 Sec. 3. K.S.A. 2017 Supp. 75-655 and 79-32,117 are hereby repealed.

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