

SENATE BILL No. 453

By Committee on Assessment and Taxation

3-21

1 AN ACT concerning income taxation; relating to *deductions*, Kansas  
2 itemized deductions ~~of an individual~~, *expensing deduction*;  
3 *modifications, treatment of deferred foreign income and global*  
4 *intangible low-taxed income, retirement contributions of certain*  
5 *employees of the board of regents; certain net operating losses*;  
6 amending K.S.A. 2017 Supp. 79-32,117, 79-32,120, 79-32,138, 79-  
7 32,143 and 79-32,143a and repealing the existing ~~section~~ *sections*.

8  
9 *Be it enacted by the Legislature of the State of Kansas:*

10 *Section 1. K.S.A. 2017 Supp. 79-32,117 is hereby amended to read*  
11 *as follows: 79-32,117. (a) The Kansas adjusted gross income of an*  
12 *individual means such individual's federal adjusted gross income for the*  
13 *taxable year, with the modifications specified in this section.*

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

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

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

35 *(iii) The federal net operating loss deduction, except that the*  
36 *federal net operating loss deduction shall not be added to an individual's*

1 *federal adjusted gross income for tax years beginning after December*  
2 *31, 2016.*

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

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

23 *(vi) Any amount of designated employee contributions picked up by*  
24 *an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,*  
25 *and amendments thereto, and commencing in tax year 2019, and all tax*  
26 *years thereafter, any amount of member contributions made on a pretax*  
27 *basis pursuant to K.S.A. 74-4925, and amendments thereto.*

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

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

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

42 *(x) Amounts received as nonqualified withdrawals, as defined by*  
43 *K.S.A. 2017 Supp. 75-643, and amendments thereto, if, at the time of*

1 *contribution to a family postsecondary education savings account, such*  
2 *amounts were subtracted from the federal adjusted gross income*  
3 *pursuant to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such*  
4 *amounts are not already included in the federal adjusted gross income.*

5 *(xi) The amount of any contribution made to the same extent the*  
6 *same is claimed as the basis for the credit allowed pursuant to K.S.A.*  
7 *2017 Supp. 74-50,154, and amendments thereto.*

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

15 *(xiii) The amount of any expenditures claimed for deduction in*  
16 *determining federal adjusted gross income, to the extent the same is*  
17 *claimed as the basis for any credit allowed pursuant to K.S.A. 2017*  
18 *Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments*  
19 *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. 2017 Supp. 79-32,221, and*  
23 *amendments 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. 2017*  
27 *Supp. 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-*  
28 *32,233 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245*  
29 *through 79-32,248 or 79-32,251 through 79-32,254, and amendments*  
30 *thereto.*

31 *(xvi) The amount of any amortization deduction claimed in*  
32 *determining federal adjusted gross income to the extent the same is*  
33 *claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,227, 79-*  
34 *32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments*  
35 *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. 2017 Supp. 79-32,256, and*  
39 *amendments 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*  
42 *state other than Kansas or local government located in a state other than*  
43 *Kansas by a taxpayer who resides in a state other than Kansas, when the*

1 *law of such state does not allow a resident of Kansas who earns income*  
2 *in such other state to claim a deduction for ad valorem or property taxes*  
3 *or assessments paid to a political subdivision of the state of Kansas in*  
4 *determining taxable income for income tax purposes in such other state,*  
5 *to 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*  
9 *business as determined under the federal internal revenue code and*  
10 *reported from schedule C and on line 12 of the taxpayer's form 1040*  
11 *federal individual income tax return; (2) loss from rental real estate,*  
12 *royalties, partnerships, S corporations, except those with wholly owned*  
13 *subsidiaries subject to the Kansas privilege tax, estates, trusts, residual*  
14 *interest in real estate mortgage investment conduits and net farm rental*  
15 *as determined under the federal internal revenue code and reported*  
16 *from schedule E and on line 17 of the taxpayer's form 1040 federal*  
17 *individual income tax return; and (3) farm loss as determined under the*  
18 *federal internal revenue code and reported from schedule F and on line*  
19 *18 of the taxpayer's form 1040 federal income tax return; all to the*  
20 *extent deducted or subtracted in determining the taxpayer's federal*  
21 *adjusted gross income. For purposes of this subsection, references to the*  
22 *federal form 1040 and federal schedule C, schedule E, and schedule F,*  
23 *shall be to such form and schedules as they existed for tax year 2011,*  
24 *and as revised thereafter by the internal revenue 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,*  
30 *to the extent the deduction is attributable to income reported on schedule*  
31 *C, E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal*  
32 *income 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*  
35 *pension, profit sharing, and annuity plans of self-employed individuals*  
36 *under section 62(a)(6) of the federal internal revenue code as in effect*  
37 *on January 1, 2012, and amendments thereto, in determining the federal*  
38 *adjusted gross 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*  
3 *domestic production activities under section 199 of the federal internal*  
4 *revenue code as in effect on January 1, 2012, and amendments thereto,*  
5 *in determining the federal adjusted gross income of an individual*  
6 *taxpayer.*

7        *(xxiv) For taxable years commencing after December 31, 2013, that*  
8 *portion of the amount of any expenditure deduction claimed in*  
9 *determining federal adjusted gross income for expenses paid for medical*  
10 *care of the taxpayer or the taxpayer's spouse or dependents when such*  
11 *expenses were paid or incurred for an abortion, or for a health benefit*  
12 *plan, as defined in K.S.A. 2017 Supp. 65-6731, and amendments thereto,*  
13 *for the purchase of an optional rider for coverage of abortion in*  
14 *accordance with K.S.A. 2017 Supp. 40-2,190, and amendments thereto,*  
15 *to the extent that such taxes and assessments are claimed as an itemized*  
16 *deduction for federal income tax purposes.*

17        *(xxv) For taxable years commencing after December 31, 2013, that*  
18 *portion of the amount of any expenditure deduction claimed in*  
19 *determining federal adjusted gross income for expenses paid by a*  
20 *taxpayer for health care when such expenses were paid or incurred for*  
21 *abortion coverage, a health benefit plan, as defined in K.S.A. 2017 Supp.*  
22 *65-6731, and amendments thereto, when such expenses were paid or*  
23 *incurred for abortion coverage or amounts contributed to health savings*  
24 *accounts for such taxpayer's employees for the purchase of an optional*  
25 *rider for coverage of abortion in accordance with K.S.A. 2017 Supp. 40-*  
26 *2,190, and amendments thereto, to the extent that such taxes and*  
27 *assessments are claimed as a deduction for federal income tax purposes.*

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

29        *(i) Interest or dividend income on obligations or securities of any*  
30 *authority, commission or instrumentality of the United States and its*  
31 *possessions less any related expenses directly incurred in the purchase*  
32 *of such obligations or securities, to the extent included in federal*  
33 *adjusted gross income but exempt from state income taxes under the*  
34 *laws of the United States.*

35        *(ii) Any amounts received which are included in federal adjusted*  
36 *gross income but which are specifically exempt from Kansas income*  
37 *taxation under the laws of the state of Kansas.*

38        *(iii) The portion of any gain or loss from the sale or other*  
39 *disposition of property having a higher adjusted basis for Kansas income*  
40 *tax purposes than for federal income tax purposes on the date such*  
41 *property was sold or disposed of in a transaction in which gain or loss*  
42 *was recognized for purposes of federal income tax that does not exceed*  
43 *such difference in basis, but if a gain is considered a long-term capital*

1 *gain for federal income tax purposes, the modification shall be limited to*  
2 *that portion of such gain which is included in federal adjusted gross*  
3 *income.*

4 *(iv) The amount necessary to prevent the taxation under this act of*  
5 *any annuity or other amount of income or gain which was properly*  
6 *included in income or gain and was taxed under the laws of this state for*  
7 *a taxable year prior to the effective date of this act, as amended, to the*  
8 *taxpayer, or to a decedent by reason of whose death the taxpayer*  
9 *acquired the right to receive the income or gain, or to a trust or estate*  
10 *from which the taxpayer received the income or gain.*

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

15 *(vi) Accumulation distributions received by a taxpayer as a*  
16 *beneficiary of a trust to the extent that the same are included in federal*  
17 *adjusted gross income.*

18 *(vii) Amounts received as annuities under the federal civil service*  
19 *retirement system from the civil service retirement and disability fund*  
20 *and other amounts received as retirement benefits in whatever form*  
21 *which were earned for being employed by the federal government or for*  
22 *service in the armed forces of the United States.*

23 *(viii) Amounts received by retired railroad employees as a*  
24 *supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and*  
25 *228c (a)(1) et seq.*

26 *(ix) Amounts received by retired employees of a city and by retired*  
27 *employees of any board of such city as retirement allowances pursuant*  
28 *to K.S.A. 13-14,106, and amendments thereto, or pursuant to any*  
29 *charter ordinance exempting a city from the provisions of K.S.A. 13-*  
30 *14,106, and amendments thereto.*

31 *(x) For taxable years beginning after December 31, 1976, the*  
32 *amount of the federal tentative jobs tax credit disallowance under the*  
33 *provisions of 26 U.S.C. § 280 C. For taxable years ending after*  
34 *December 31, 1978, the amount of the targeted jobs tax credit and work*  
35 *incentive credit disallowances under 26 U.S.C. § 280 C.*

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

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

42 *(xiii) For taxable years beginning after December 31, 2004,*  
43 *amounts contributed to and the amount of income earned on*

1 *contributions deposited to an individual development account under*  
2 *K.S.A. 2017 Supp. 74-50,201 et seq., and amendments thereto.*

3 *(xiv) For all taxable years commencing after December 31, 1996,*  
4 *that portion of any income of a bank organized under the laws of this*  
5 *state or any other state, a national banking association organized under*  
6 *the laws of the United States, an association organized under the savings*  
7 *and loan code of this state or any other state, or a federal savings*  
8 *association organized under the laws of the United States, for which an*  
9 *election as an S corporation under subchapter S of the federal internal*  
10 *revenue code is in effect, which accrues to the taxpayer who is a*  
11 *stockholder of such corporation and which is not distributed to the*  
12 *stockholders as dividends of the corporation. For taxable years*  
13 *beginning after December 31, 2012, and ending before January 1, 2017,*  
14 *the amount of modification under this subsection shall exclude the*  
15 *portion of income or loss reported on schedule E and included on line*  
16 *17 of the taxpayer's form 1040 federal individual income tax return.*

17 *(xv) For all taxable years beginning after December 31, 2006,*  
18 *amounts not exceeding \$3,000, or \$6,000 for a married couple filing a*  
19 *joint return, for each designated beneficiary which are contributed to a*  
20 *family postsecondary education savings account established under the*  
21 *Kansas postsecondary education savings program or a qualified tuition*  
22 *program established and maintained by another state or agency or*  
23 *instrumentality thereof pursuant to section 529 of the internal revenue*  
24 *code of 1986, as amended, for the purpose of paying the qualified higher*  
25 *education expenses of a designated beneficiary at an institution of*  
26 *postsecondary education. The terms and phrases used in this paragraph*  
27 *shall have the meaning respectively ascribed thereto by the provisions of*  
28 *K.S.A. 2017 Supp. 75-643, and amendments thereto, and the provisions*  
29 *of such section are hereby incorporated by reference for all purposes*  
30 *thereof.*

31 *(xvi) For all taxable years beginning after December 31, 2004,*  
32 *amounts received by taxpayers who are or were members of the armed*  
33 *forces of the United States, including service in the Kansas army and air*  
34 *national guard, as a recruitment, sign up or retention bonus received by*  
35 *such taxpayer as an incentive to join, enlist or remain in the armed*  
36 *services of the United States, including service in the Kansas army and*  
37 *air national guard, and amounts received for repayment of educational*  
38 *or student loans incurred by or obligated to such taxpayer and received*  
39 *by such taxpayer as a result of such taxpayer's service in the armed*  
40 *forces of the United States, including service in the Kansas army and air*  
41 *national guard.*

42 *(xvii) For all taxable years beginning after December 31, 2004,*  
43 *amounts received by taxpayers who are eligible members of the Kansas*

1 *army and air national guard as a reimbursement pursuant to K.S.A. 48-*  
2 *281, and amendments thereto, and amounts received for death benefits*  
3 *pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to*  
4 *section 1 or section 2 of chapter 207 of the 2005 Session Laws of*  
5 *Kansas, and amendments thereto, to the extent that such death benefits*  
6 *are included in federal adjusted gross income of the taxpayer.*

7 *(xviii) For the taxable year beginning after December 31, 2006,*  
8 *amounts received as benefits under the federal social security act which*  
9 *are included in federal adjusted gross income of a taxpayer with federal*  
10 *adjusted gross income of \$50,000 or less, whether such taxpayer's filing*  
11 *status is single, head of household, married filing separate or married*  
12 *filing jointly; and for all taxable years beginning after December 31,*  
13 *2007, amounts received as benefits under the federal social security act*  
14 *which are included in federal adjusted gross income of a taxpayer with*  
15 *federal adjusted gross income of \$75,000 or less, whether such*  
16 *taxpayer's filing status is single, head of household, married filing*  
17 *separate or married filing jointly.*

18 *(xix) Amounts received by retired employees of Washburn*  
19 *university as retirement and pension benefits under the university's*  
20 *retirement plan.*

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

42 *(xxi) For all taxable years beginning after December 31, 2013,*  
43 *amounts equal to the unreimbursed travel, lodging and medical*

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

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

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

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

36 *(xxv) For all taxable years beginning after December 31, 2016, 80%*  
37 *of deferred foreign income. Deferred foreign income shall include income*  
38 *under section 965(a) of the federal internal revenue code of 1986, after*  
39 *any deductions allowed under section 965(c) of the code. The provisions*  
40 *of this paragraph shall only apply if such income is already included in*  
41 *the taxpayer's federal adjusted gross income.*

42 *(xxvi) For all taxable years beginning after December 31, 2017, 80%*  
43 *of global intangible low-taxed income. Global intangible low-taxed*

1 *income shall include income under section 250(b)(1) of the federal*  
2 *internal revenue code of 1986, after any deductions allowed under section*  
3 *250(b)(3) of the code.*

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

8 *(e) The amount of modifications required to be made under this*  
9 *section by a partner which relates to items of income, gain, loss,*  
10 *deduction or credit of a partnership shall be determined under K.S.A.*  
11 *79-32,131, and amendments thereto, to the extent that such items affect*  
12 *federal adjusted gross income of the partner.*

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

17 ~~Section 1.~~ **Sec. 2.** K.S.A. 2017 Supp. 79-32,120 is hereby amended to  
18 read as follows: 79-32,120. (a) (1) *For all tax years ending prior to*  
19 *January 1, 2018, if federal taxable income of an individual is determined*  
20 *by itemizing deductions from such individual's federal adjusted gross*  
21 *income, such individual may elect to deduct the Kansas itemized*  
22 *deduction in lieu of the Kansas standard deduction. For all tax years*  
23 *commencing on and after January 1, 2018, an individual may elect to*  
24 *deduct the Kansas itemized deduction in lieu of the Kansas standard*  
25 *deduction regardless of whether or not such individual's federal taxable*  
26 *income is determined by itemizing deductions from such individual's*  
27 *federal adjusted gross income.*

28 ~~(2) For the tax year commencing on January 1, 2013, the Kansas~~  
29 ~~itemized deduction of an individual means 70% of the total amount of~~  
30 ~~deductions from federal adjusted gross income, other than federal~~  
31 ~~deductions for personal exemptions, as provided in the federal internal~~  
32 ~~revenue code with the modifications specified in this section.~~

33 ~~(3) For the tax year commencing on January 1, 2014, the Kansas~~  
34 ~~itemized deduction of an individual means 65% of the total amount of~~  
35 ~~deductions from federal adjusted gross income, other than federal~~  
36 ~~deductions for personal exemptions, as provided in the federal internal~~  
37 ~~revenue code with the modifications specified in this section.~~

38 ~~(4) For the tax years commencing on and after January 1, 2015, and~~  
39 ~~ending before January 1, 2018, the Kansas itemized deduction of an~~  
40 ~~individual means the following deductions from federal adjusted gross~~  
41 ~~income, other than federal deductions for personal exemptions, as~~  
42 ~~provided in the federal internal revenue code with the modifications~~  
43 ~~specified in this section: (A) 100% of charitable contributions that qualify~~

1 as charitable contributions allowable as deductions in section 170 of the  
2 federal internal revenue code; (B) 50% of the amount of qualified  
3 residence interest as provided in section 163(h) of the federal internal  
4 revenue code; and (C) 50% of the amount of taxes on real and personal  
5 property as provided in section 164(a) of the federal internal revenue code.

6 (5)(3) For the tax-year ~~years~~ commencing on and after January 1,  
7 2018, ~~and ending before January 1, 2019~~, the Kansas itemized deduction  
8 of an individual means the following deductions from federal adjusted  
9 gross income, other than federal deductions for personal exemptions, as  
10 provided in the federal internal revenue code with the modifications  
11 specified in this section: (A) 100% of charitable contributions that qualify  
12 as charitable contributions allowable as deductions in section 170 of the  
13 federal internal revenue code; (B) ~~50%~~ **100%** of expenses for medical care  
14 allowable as deductions in section 213 of the federal internal revenue  
15 code; (C) ~~50%~~ **100%** of the amount of qualified residence interest as  
16 provided in section 163(h) of the federal internal revenue code; and (D)  
17 ~~50%~~ **100%** of the amount of taxes on real and personal property as  
18 provided in section 164(a) of the federal internal revenue code.

19 (6)(4) ~~For the tax year commencing on and after January 1, 2019, and~~  
20 ~~ending before January 1, 2020, the Kansas itemized deduction of an~~  
21 ~~individual means the following deductions from federal adjusted gross~~  
22 ~~income, other than federal deductions for personal exemptions, as~~  
23 ~~provided in the federal internal revenue code with the modifications~~  
24 ~~specified in this section: (A) 100% of charitable contributions that qualify~~  
25 ~~as charitable contributions allowable as deductions in section 170 of the~~  
26 ~~federal internal revenue code; (B) 75% of expenses for medical care~~  
27 ~~allowable as deductions in section 213 of the federal internal revenue~~  
28 ~~code; (C) 75% of the amount of qualified residence interest as provided in~~  
29 ~~section 163(h) of the federal internal revenue code; and (D) 75% of the~~  
30 ~~amount of taxes on real and personal property as provided in section~~  
31 ~~164(a) of the federal internal revenue code.~~

32 (7)(5) ~~For the tax years commencing on and after January 1, 2020, the~~  
33 ~~Kansas itemized deduction of an individual means the following~~  
34 ~~deductions from federal adjusted gross income, other than federal~~  
35 ~~deductions for personal exemptions, as provided in the federal internal~~  
36 ~~revenue code with the modifications specified in this section: (A) 100% of~~  
37 ~~charitable contributions that qualify as charitable contributions allowable~~  
38 ~~as deductions in section 170 of the federal internal revenue code; (B)~~  
39 ~~100% of expenses for medical care allowable as deductions in section 213~~  
40 ~~of the federal internal revenue code; (C) 100% of the amount of qualified~~  
41 ~~residence interest as provided in section 163(h) of the federal internal~~  
42 ~~revenue code; and (D) 100% of the amount of taxes on real and personal~~  
43 ~~property as provided in section 164(a) of the federal internal revenue code.~~

1 (b) The total amount of deductions from federal adjusted gross  
2 income shall be reduced by the total amount of income taxes imposed by  
3 or paid to this state or any other taxing jurisdiction to the extent that the  
4 same are deducted in determining the federal itemized deductions and by  
5 the amount of all depreciation deductions claimed for any real or tangible  
6 personal property upon which the deduction allowed by K.S.A. 2017  
7 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,  
8 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

9 ***Sec. 3. K.S.A. 2017 Supp. 79-32,138 is hereby amended to read as***  
10 ***follows: 79-32,138. (a) Kansas taxable income of a corporation taxable***  
11 ***under this act shall be the corporation's federal taxable income for the***  
12 ***taxable year with the modifications specified in this section.***

13 ***(b) There shall be added to federal taxable income: (i) The same***  
14 ***modifications as are set forth in K.S.A. 79-32,117(b), and amendments***  
15 ***thereto, with respect to resident individuals, except subsections (b)(xix),***  
16 ***(b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii);***

17 ***(ii) the amount of all depreciation deductions claimed for any***  
18 ***property upon which the deduction allowed by K.S.A. 2017 Supp. 79-***  
19 ***32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-***  
20 ***32,255 or 79-32,256, and amendments thereto, is claimed;***

21 ***(iii) the amount of any charitable contribution deduction claimed***  
22 ***for any contribution or gift to or for the use of any racially segregated***  
23 ***educational institution;***

24 ***(iv) for taxable years commencing December 31, 2013, that portion***  
25 ***of the amount of any expenditure deduction claimed in determining***  
26 ***federal adjusted gross income for expenses paid by a taxpayer for health***  
27 ***care when such expenses were paid or incurred for abortion coverage, a***  
28 ***health benefit plan, as defined in K.S.A. 2017 Supp. 65-6731, and***  
29 ***amendments thereto, when such expenses were paid or incurred for***  
30 ***abortion coverage or amounts contributed to health savings accounts for***  
31 ***such taxpayer's employees for the purchase of an optional rider for***  
32 ***coverage of abortion in accordance with K.S.A. 2017 Supp. 40-2,190,***  
33 ***and amendments thereto;***

34 ***(v) the amount of any charitable contribution deduction claimed for***  
35 ***any contribution or gift made to a scholarship granting organization to***  
36 ***the extent the same is claimed as the basis for the credit allowed***  
37 ***pursuant to K.S.A. 2017 Supp. 72-4357, and amendments thereto;***~~and~~

38 ***(vi) the federal net operating loss deduction; and***

39 ***(vii) for all taxable years commencing after December 31, 2016, 20%***  
40 ***of deferred foreign income. Deferred foreign income shall include income***  
41 ***under section 965(a) of the federal internal revenue code of 1986, after***  
42 ***any deductions allowed under section 965(c) of the code. The provisions***  
43 ***of this paragraph shall not apply if such income is already included in the***

1 taxpayer's federal taxable income.

2 (c) *There shall be subtracted from federal taxable income: (i) The*  
3 *same modifications as are set forth in K.S.A. 79-32,117(c), and*  
4 *amendments thereto, with respect to resident individuals, except*  
5 *subsection (c)(xx);*

6 (ii) *the federal income tax liability for any taxable year*  
7 *commencing prior to December 31, 1971, for which a Kansas return was*  
8 *filed after reduction for all credits thereon, except credits for payments*  
9 *on estimates of federal income tax, credits for gasoline and lubricating*  
10 *oil tax, and for foreign tax credits if, on the Kansas income tax return*  
11 *for such prior year, the federal income tax deduction was computed on*  
12 *the basis of the federal income tax paid in such prior year, rather than*  
13 *as accrued. Notwithstanding the foregoing, the deduction for federal*  
14 *income tax liability for any year shall not exceed that portion of the total*  
15 *federal income tax liability for such year which bears the same ratio to*  
16 *the total federal income tax liability for such year as the Kansas taxable*  
17 *income, as computed before any deductions for federal income taxes and*  
18 *after application of subsections (d) and (e) of this section as existing for*  
19 *such year, bears to the federal taxable income for the same year;*

20 (iii) *an amount for the amortization deduction allowed pursuant to*  
21 *K.S.A. 2017 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-*  
22 *32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto;*

23 (iv) *for all taxable years commencing after December 31, 1987, the*  
24 *amount included in federal taxable income pursuant to the provisions of*  
25 *section 78 of the internal revenue code; and*

26 (v) *for all taxable years commencing after December 31, 1987, 80%*  
27 *of dividends from corporations incorporated outside of the United States*  
28 *or the District of Columbia which are included in federal taxable*  
29 *income.*

30 (d) *If any corporation derives all of its income from sources within*  
31 *Kansas in any taxable year commencing after December 31, 1979, its*  
32 *Kansas taxable income shall be the sum resulting after application of*  
33 *subsections (a) through (c) hereof. Otherwise, such corporation's*  
34 *Kansas taxable income in any such taxable year, after excluding any*  
35 *refunds of federal income tax and before the deduction of federal*  
36 *income taxes provided by subsection (c)(ii) shall be allocated as provided*  
37 *in K.S.A. 79-3271 to K.S.A. 79-3293, inclusive, and amendments thereto,*  
38 *plus any refund of federal income tax as determined under K.S.A. 79-*  
39 *32,117(b)(iv), and amendments thereto, and minus the deduction for*  
40 *federal income taxes as provided by subsection (c)(ii) shall be such*  
41 *corporation's Kansas taxable income.*

42 (e) *A corporation may make an election with respect to its first*  
43 *taxable year commencing after December 31, 1982, whereby no addition*

1 *modifications as provided for in subsection (b)(ii) and subtraction*  
2 *modifications as provided for in subsection (c)(iii) as those subsections*  
3 *existed prior to their amendment by this act, shall be required to be made*  
4 *for such taxable year.*

5 *Sec. 4. K.S.A. 2017 Supp. 79-32,143 is hereby amended to read as*  
6 *follows: 79-32,143. (a) For net operating losses incurred in taxable years*  
7 *beginning after December 31, 1987, a net operating loss deduction shall*  
8 *be allowed in the same manner that it is allowed under the federal*  
9 *internal revenue code except that such net operating loss may only be*  
10 *carried forward to each of the 10 taxable years following the taxable*  
11 *year of the net operating loss. For net operating farm losses, as defined*  
12 *by subsection (i) of section 172 of the federal internal revenue code,*  
13 *incurred in taxable years beginning after December 31, 1999, a net*  
14 *operating loss deduction shall be allowed in the same manner that it is*  
15 *allowed under the federal internal revenue code except that such net*  
16 *operating loss may be carried forward to each of the 10 taxable years*  
17 *following the taxable year of the net operating loss. The amount of the*  
18 *net operating loss that may be carried back or forward for Kansas*  
19 *income tax purposes shall be that portion of the federal net operating*  
20 *loss allocated to Kansas under this act in the taxable year that the net*  
21 *operating loss is sustained.*

22 *(b) The amount of the loss to be carried back or forward will be the*  
23 *federal net operating loss after: (1) All modifications required under this*  
24 *act applicable to the net loss in the year the loss was incurred; and (2)*  
25 *after apportionment as to source in the case of corporations, nonresident*  
26 *individuals for losses incurred in taxable years beginning prior to*  
27 *January 1, 1978, and nonresident estates and trusts in the same manner*  
28 *that income for such corporations, nonresident individuals, estates and*  
29 *trusts is required to be apportioned.*

30 *(c) If a net operating loss was incurred in a taxable year beginning*  
31 *prior to January 1, 1988, the amount of the net operating loss that may*  
32 *be carried back and carried forward and the period for which it may be*  
33 *carried back and carried forward shall be determined under the*  
34 *provisions of the Kansas income tax laws which were in effect during*  
35 *the year that such net operating loss was incurred.*

36 *(d) If any portion of a net operating loss described in subsections*  
37 *(a) and (b) is not utilized prior to the final year of the carryforward*  
38 *period provided in subsection (a), a refund shall be allowable in such*  
39 *final year in an amount equal to the refund which would have been*  
40 *allowable in the taxable year the loss was incurred by utilizing the three*  
41 *year carryback provided under K.S.A. 79-32,143, as in effect on*  
42 *December 31, 1987, multiplied by a fraction, the numerator of which is*  
43 *the unused portion of such net operating loss in the final year, and the*

1 *denominator of which is the amount of such net operating loss which*  
2 *could have been carried back to the three years immediately preceding*  
3 *the year in which the loss was incurred. In no event may such fraction*  
4 *exceed 1.*

5 *(e) Notwithstanding any other provisions of the Kansas income tax*  
6 *act, the net operating loss as computed under subsections (a), (b) and (c)*  
7 *of this section shall be allowed in full in determining Kansas taxable*  
8 *income or at the option of the taxpayer allowed in full in determining*  
9 *Kansas adjusted gross income.*

10 *(f) No refund of income tax which results from a net operating*  
11 *farm loss carry back shall be allowed in an amount exceeding \$1,500 in*  
12 *any year. Any overpayment in excess of \$1,500 may be carried forward*  
13 *to any year or years after the year of the loss and may be claimed as a*  
14 *credit against the tax. The refundable portion of such credit shall not*  
15 *exceed \$1,500 in any year.*

16 *(g) For tax year 2013, and all tax years thereafter, a net operating*  
17 *loss allowed by this section shall only be available to taxpayers subject to*  
18 *the income tax on corporations imposed pursuant to ~~subsection (e) of~~*  
19 *K.S.A. 79-32,110(c), and amendments thereto, and used only to*  
20 *determine such taxpayer's corporate income tax liability.*

21 *(h) Notwithstanding any other provisions of the Kansas income tax*  
22 *act, for tax year 2006, if a net operating loss is incurred from the sale at a*  
23 *loss of a historic hotel located in a community with less than 2,500 citizens*  
24 *improved by funds borrowed on both such hotel and farmland owned by*  
25 *the taxpayer that is located within 20 miles of such hotel, and previously*  
26 *the farmland was sold at a gain and in which case a majority of the*  
27 *proceeds were used to pay off the mortgage on such hotel, the net*  
28 *operating loss may be carried back three years to offset the gain on the sale*  
29 *of such farmland. The taxpayer may file an amended return for the three*  
30 *prior years.*

31 *Sec. 5. K.S.A. 2017 Supp. 79-32,143a is hereby amended to read as*  
32 *follows: 79-32,143a. (a) For taxable years beginning after December 31,*  
33 *2011, a taxpayer may elect to take an expense deduction from Kansas*  
34 *net income before expensing or recapture allocated or apportioned to*  
35 *this state for the cost of the following property placed in service in this*  
36 *state during the taxable year: (1) Tangible property eligible for*  
37 *depreciation under the modified accelerated cost recovery system in*  
38 *section 168 of the internal revenue code, as amended, but not including*  
39 *residential rental property, nonresidential real property, any railroad*  
40 *grading or tunnel bore or any other property with an applicable recovery*  
41 *period in excess of 25 years as defined under section 168(c) or (g) of the*  
42 *internal revenue code, as amended; and (2) computer software as*  
43 *defined in section 197(e)(3)(B) of the internal revenue code, as*

1 amended, and as described in section 197(e)(3)(A)(i) of the internal  
2 revenue code, as amended, to which section 167 of the internal revenue  
3 code, as amended, applies. If such election is made, the amount of  
4 expense deduction for such cost shall equal the difference between the  
5 depreciable cost of such property for federal income tax purposes and  
6 the amount of bonus depreciation being claimed for such property  
7 pursuant to section 168(k) of the internal revenue code, as amended, for  
8 federal income tax purposes in such tax year, but without regard to any  
9 expense deduction being claimed for such property under section 179 of  
10 the internal revenue code, as amended, multiplied by the applicable  
11 factor, determined by using, the table provided in subsection (f), based  
12 on the method of depreciation selected pursuant to section 168(b)(1), (2),  
13 or (3) or (g) of the internal revenue code, as amended, and the  
14 applicable recovery period for such property as defined under section  
15 168(c) or (g) of the internal revenue code, as amended. This election  
16 shall be made by the due date of the original return, including any  
17 extensions, and may be made only for the taxable year in which the  
18 property is placed in service, and once made, shall be irrevocable. If the  
19 section 179 expense deduction election has been made for federal  
20 income tax purposes for any asset, the applicable factor to be utilized is  
21 in the IRC § 168 (b)(1) column of the table provided in subsection (f) for  
22 the applicable recovery period of the respective assets.

23 (b) If the amount of expense deduction calculated pursuant to  
24 subsection (a) exceeds the taxpayer's Kansas net income before  
25 expensing or recapture allocated or apportioned to this state, such  
26 excess amount shall be treated as a Kansas net operating loss as  
27 provided in K.S.A. 79-32,143, and amendments thereto.

28 (c) If the property for which an expense deduction is taken  
29 pursuant to subsection (a) is subsequently sold during the applicable  
30 recovery period for such property as defined under section 168(c) of the  
31 internal revenue code, as amended, and in a manner that would cause  
32 recapture of any previously taken expense or depreciation deductions for  
33 federal income tax purposes, or if the situs of such property is otherwise  
34 changed such that the property is relocated outside the state of Kansas  
35 during such applicable recovery period, then the expense deduction  
36 determined pursuant to subsection (a) shall be subject to recapture and  
37 treated as Kansas taxable income allocated to this state. The amount of  
38 recapture shall be the Kansas expense deduction determined pursuant to  
39 subsection (a) multiplied by a fraction, the numerator of which is the  
40 number of years remaining in the applicable recovery period for such  
41 property as defined under section 168(c) or (g) of the internal revenue  
42 code, as amended, after such property is sold or removed from the state  
43 including the year of such disposition, and the denominator of which is

1 *the total number of years in such applicable recovery period.*

2 *(d) The situs of tangible property for purposes of claiming and*  
 3 *recapture of the expense deduction shall be the physical location of such*  
 4 *property. If such property is mobile, the situs shall be the physical*  
 5 *location of the business operations from where such property is used or*  
 6 *based. The situs of computer software shall be apportioned to Kansas*  
 7 *based on the fraction, the numerator of which is the number of the*  
 8 *taxpayer's users located in Kansas of licenses for such computer*  
 9 *software used in the active conduct of the taxpayer's business*  
 10 *operations, and the denominator of which is the total number of the*  
 11 *taxpayer's users of the licenses for such computer software used in the*  
 12 *active conduct of the taxpayer's business operations everywhere.*

13 *(e) Any member of a unitary group filing a combined report may*  
 14 *elect to take an expense deduction pursuant to subsection (a) for an*  
 15 *investment in property made by any member of the combined group,*  
 16 *provided that the amount calculated pursuant to subsection (a) may only*  
 17 *be deducted from the Kansas net income before expensing or recapture*  
 18 *allocated to or apportioned to this state by such member making the*  
 19 *election.*

20 *(f) The following table shall be used in determining the expense*  
 21 *deduction calculated pursuant to subsection (a):*

22 *Factors*

23 <i>IRC§168</i>	23 <i>IRC§168(b)(1)</i>	23 <i>IRC§168(b)(2)</i>	23 <i>IRC§168(b)(3) or (g)</i>
24 <i>Recover Period</i>	24 <i>Depreciation</i>	24 <i>Depreciation</i>	24 <i>Depreciation</i>
25 <i>(year)</i>	25 <i>Method</i>	25 <i>Method</i>	25 <i>Method</i>
26 <i>2.5</i>	26 <i>*</i>	26 <i>.077</i>	26 <i>.092</i>
27 <i>3</i>	27 <i>.075</i>	27 <i>.091</i>	27 <i>.106</i>
28 <i>3.5</i>	28 <i>*</i>	28 <i>.102</i>	28 <i>.116</i>
29 <i>4</i>	29 <i>*</i>	29 <i>.114</i>	29 <i>.129</i>
30 <i>5</i>	30 <i>.116</i>	30 <i>.135</i>	30 <i>.150</i>
31 <i>6</i>	31 <i>*</i>	31 <i>.154</i>	31 <i>.170</i>
32 <i>6.5</i>	32 <i>*</i>	32 <i>.163</i>	32 <i>.179</i>
33 <i>7</i>	33 <i>.151</i>	33 <i>.173</i>	33 <i>.190</i>
34 <i>7.5</i>	34 <i>*</i>	34 <i>.181</i>	34 <i>.199</i>
35 <i>8</i>	35 <i>*</i>	35 <i>.191</i>	35 <i>.208</i>
36 <i>8.5</i>	36 <i>*</i>	36 <i>.199</i>	36 <i>.217</i>
37 <i>9</i>	37 <i>*</i>	37 <i>.208</i>	37 <i>.226</i>
38 <i>9.5</i>	38 <i>*</i>	38 <i>.216</i>	38 <i>.235</i>
39 <i>10</i>	39 <i>.198</i>	39 <i>.224</i>	39 <i>.244</i>
40 <i>10.5</i>	40 <i>*</i>	40 <i>.232</i>	40 <i>.252</i>
41 <i>11</i>	41 <i>*</i>	41 <i>.240</i>	41 <i>.261</i>
42 <i>11.5</i>	42 <i>*</i>	42 <i>.248</i>	42 <i>.269</i>
43 <i>12</i>	43 <i>*</i>	43 <i>.256</i>	43 <i>.277</i>

1	<b>12.5</b>	*	<b>.263</b>	<b>.285</b>
2	<b>13</b>	*	<b>.271</b>	<b>.293</b>
3	<b>13.5</b>	*	<b>.278</b>	<b>.300</b>
4	<b>14</b>	*	<b>.285</b>	<b>.308</b>
5	<b>15</b>	*	<b>.299</b>	<b>.323</b>
6	<b>16</b>	*	<b>.313</b>	<b>.337</b>
7	<b>16.5</b>	*	<b>.319</b>	<b>.344</b>
8	<b>17</b>	*	<b>.326</b>	<b>.351</b>
9	<b>18</b>	*	<b>.339</b>	<b>.365</b>
10	<b>19</b>	*	<b>.351</b>	<b>.378</b>
11	<b>20</b>	*	<b>.363</b>	<b>.391</b>
12	<b>22</b>	*	<b>.386</b>	<b>.415</b>
13	<b>24</b>	*	<b>.408</b>	<b>.438</b>
14	<b>25</b>	*	<b>.419</b>	<b>.449</b>

15 **\*Not Applicable**

16 **(g) If a taxpayer elects to expense any investment pursuant to**  
 17 **subsection (a), such taxpayer shall not be eligible for any tax credit,**  
 18 **accelerated depreciation, or deduction for such investment allowed**  
 19 **pursuant to K.S.A. 2017 Supp. 79-32,160a(e), 79-32,182b, 79-32,201, 79-**  
 20 **32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-**  
 21 **32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-**  
 22 **32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258, and**  
 23 **amendments thereto.**

24 **(h) (1) For tax year 2013, the deduction allowed by this section**  
 25 **shall only be available to taxpayers subject to the income tax on**  
 26 **corporations imposed pursuant to subsection (e) of K.S.A. 79-32,110(c),**  
 27 **and amendments thereto, and used only to determine such taxpayer's**  
 28 **corporate income tax liability.**

29 **(2) For tax year years 2014, and all tax years thereafter, 2015 and**  
 30 **2016, the deduction allowed by this section shall only be available to**  
 31 **taxpayers subject to the income tax on corporations imposed pursuant to**  
 32 **subsection (e) of K.S.A. 79-32,110(c), and amendments thereto, or the**  
 33 **privilege tax imposed upon any national banking association, state bank,**  
 34 **savings bank, trust company or savings and loan association pursuant to**  
 35 **article 11 of chapter 79 of the Kansas Statutes Annotated, and**  
 36 **amendments thereto, and used only to determine such taxpayer's**  
 37 **corporate income or privilege tax liability.**

38 **(i) For property placed in service in tax year 2017, a taxpayer may**  
 39 **file an amended return on or before December 31, 2018, in order to claim**  
 40 **the expense deduction allowed pursuant to this section for tax year 2017.**  
 41 **The provisions of this subsection shall not apply to taxpayers subject to**  
 42 **the income tax on corporations imposed pursuant to K.S.A. 79-32,110(c),**  
 43 **and amendments thereto, or the privilege tax imposed upon any national**

1 *banking association, state bank, savings bank, trust company or savings*  
2 *and loan association pursuant to article 11 of chapter 79 of the Kansas*  
3 *Statutes Annotated, and amendments thereto.*

4 ~~Sec. 2.~~ **6.** K.S.A. 2017 Supp. ~~79-32,117~~, 79-32,120-~~is~~, ~~79-32,138~~, ~~79-~~  
5 ~~32,143 and 79-32,143a~~ **are** hereby repealed.

6 ~~Sec. 3.~~ **7.** This act shall take effect and be in force from and after its  
7 publication in the statute book.