

HOUSE BILL No. 2516

By Committee on Rural Revitalization

1-29

1 AN ACT establishing the first-time home buyer savings account act;
2 relating to financial institutions; income taxation, providing for addition
3 and subtraction modifications for contributions to first-time home
4 buyer savings accounts; amending K.S.A. 79-32,117 and repealing the
5 existing section.
6

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

8 New Section 1. Sections 1 through 6, and amendments thereto, shall
9 be known and may be cited as the first-time home buyer savings account
10 act.

11 New Sec. 2. As used in the first-time home buyer savings account
12 act:

13 (a) "Account" or "first-time home buyer savings account" means an
14 individual savings account established in accordance with the provisions
15 of this act.

16 (b) "Account holder" means an individual who establishes an account
17 that is designated as a first-time home buyer savings account pursuant to
18 the provisions of section 3, and amendments thereto, with a financial
19 institution.

20 (c) "Designated beneficiary" means the individual designated by an
21 account holder pursuant to the provisions of section 3, and amendments
22 thereto, as the individual whose eligible expenses are expected to be paid
23 from the account for the purchase or construction of a primary residence in
24 this state.

25 (d) "Eligible expenses" means a down payment and any closing costs
26 that may be included as part of a real estate settlement agreement,
27 including, but not limited to, appraisal fees, mortgage origination fees and
28 inspection fees or any down payment, costs and fees that may be included
29 as part of financing the construction of a primary residence.

30 (e) "Financial institution" means any state bank, state trust company,
31 savings and loan association, federally chartered credit union doing
32 business in this state, credit union chartered by the state of Kansas,
33 national bank, broker-dealer, mutual fund, insurance company or other
34 similar financial entity qualified to do business in this state.

1 (f) "First-time home buyer" means an individual who:

2 (1) Has never owned or purchased under contract for deed, either
3 individually or jointly, a single-family, owner-occupied primary residence
4 including, but not limited to, a condominium unit or a manufactured or
5 mobile home that was assessed and taxed as real property; or

6 (2) as a result of the individual's dissolution of marriage, has not been
7 listed on a property title for at least three consecutive years.

8 (g) "Secretary" means the secretary of revenue.

9 New Sec. 3. (a) On and after ~~January~~ **July 1, 2021**, any individual
10 may open an account with a financial institution and designate the account,
11 in its entirety, as a first-time home buyer savings account to be used to pay
12 or reimburse a designated beneficiary's eligible expenses for the purchase
13 or construction of a primary residence in this state. An individual may be
14 the account holder of multiple accounts and an individual may jointly own
15 the account with another individual if such individuals file a joint income
16 tax return. An account holder shall comply with the requirements of this
17 act to be eligible for the modifications set forth in K.S.A. 79-32,117, and
18 amendments thereto.

19 (b) An account holder shall designate, no later than April 15 of the
20 year following the taxable year during which the account is established, a
21 first-time home buyer as the designated beneficiary of the account. An
22 Nothing in this section shall prohibit an account holder from designating
23 such account holder as the designated beneficiary of an account. An
24 account holder may change the designated beneficiary at any time, but no
25 account shall have more than one designated beneficiary at any time. An
26 individual may be designated as the designated beneficiary of more than
27 one account if such accounts are held by separate account holders. No
28 account holder shall be authorized to designate the same designated
29 beneficiary on multiple accounts held by such account owner.

30 (c) (1) The following limits apply to an account established pursuant
31 to this act:

32 (A) The maximum contribution to an account in any tax year shall be
33 \$3,000 for an individual and \$6,000 for a married couple filing a joint
34 return;

35 (B) the maximum amount of all contributions into an account in all
36 tax years shall be \$24,000 for an individual and \$48,000 for a married
37 couple filing a joint return; and

38 (C) the maximum total amount in an account shall be \$50,000.

39 (2) If a limit in paragraph (1) is exceeded, then thereafter all interest
40 or other income earned on the investment of moneys in an account shall be
41 subject to the tax imposed by the Kansas income tax act.

42 (3) Moneys may remain in an account for an unlimited duration
43 without the interest or income being subject to recapture or penalty.

1 (d) The account holder shall not use moneys in an account to pay
2 expenses of administering the account, except that a service fee may be
3 deducted from the account by a financial institution. The account holder
4 shall be responsible for maintaining documentation for the account and for
5 eligible expenses related to the designated beneficiary's purchase or
6 construction of a primary residence.

7 New Sec. 4. (a) (1) The moneys in a first-time home buyer savings
8 account may be:

9 (A) Used for eligible expenses related to a designated beneficiary's
10 purchase or construction of a primary residence located in this state;

11 (B) used for eligible expenses related to a designated beneficiary's
12 purchase or construction of a primary residence located outside of this
13 state if such designated beneficiary is active-duty military and was
14 stationed in Kansas for any time after the creation of the account;

15 (C) used for eligible expenses that would have qualified pursuant to
16 paragraph (1)(A) or (1)(B) but the contract for purchase or construction
17 did not close;

18 (D) transferred to another newly created account; and

19 (E) used to pay service fees assessed by the financial institution.

20 (2) This subsection shall apply even if a designated beneficiary is a
21 joint owner of a primary residence with another person who is not a
22 designated beneficiary of an account. Moneys in an account shall not be
23 used to purchase a manufactured or mobile home that is not taxed as real
24 property.

25 ~~(3) The title of any home purchased or constructed with moneys from~~
26 ~~an account shall not transfer for at least two years unless reasonable~~
27 ~~circumstances exist that were unforeseen at the time the home was~~
28 ~~purchased or constructed. A designated beneficiary may request an~~
29 ~~exception from the requirements of this paragraph from the secretary.~~

30 (b) Moneys withdrawn from an account shall be subject to recapture
31 by the secretary in the tax year in which they were withdrawn if:

32 (1) At the time of the withdrawal, it has been less than a year since
33 the first deposit in the account; or

34 (2) the moneys are used for any purpose other than the expenses or
35 transactions authorized pursuant to subsection (a)(1).

36 (c) Moneys that are subject to recapture shall be an amount equal to
37 the moneys withdrawn from an account and shall be added to the Kansas
38 adjusted gross income pursuant to K.S.A. 79-32,117(b)(xxvii), and
39 amendments thereto, of the account holder or, if the account holder is no
40 longer living, the designated beneficiary. If any moneys are subject to
41 recapture, the account holder shall pay a penalty in the following amounts:
42 (1) If the withdrawal of moneys occurred 10 or less years after the first
43 deposit in the account, 5% of the amount subject to recapture; and (2) if

1 the withdrawal of moneys occurred more than 10 years after the first
2 deposit in the account, 10% of the amount subject to recapture.

3 (d) The penalties provided in subsection (c) shall not apply if: (1) The
4 withdrawn moneys are used for eligible expenses related to a designated
5 beneficiary's purchase or construction of a primary residence outside of
6 this state; or (2) the withdrawn moneys are from an account in which the
7 designated beneficiary died, and the account holder did not designate a
8 new designated beneficiary during the same tax year.

9 (e) If the account holder dies or, if the account is jointly owned and
10 the account owners die, and the account does not have a surviving transfer
11 on death beneficiary, then all of the moneys in the account resulting from
12 contributions or income earned from assets in the account pursuant to
13 K.S.A. 79-32,117, and amendments thereto, shall be subject to recapture in
14 the tax year of the death or deaths, but no penalty shall be assessed
15 pursuant to subsection (c).

16 New Sec. 5. (a) The secretary shall establish forms for an account
17 holder to annually report information about any accounts held by such
18 account holder. An account holder shall annually file with the account
19 holder's state income tax return all forms required by the secretary under
20 this section, the form 1099 for the account issued by the financial
21 institution and any other supporting documentation the secretary requires.

22 (b) Prior to ~~January~~ July 1, 2021, the secretary shall adopt rules and
23 regulations necessary to administer the provisions of the first-time home
24 buyer savings account act.

25 **{(c) On or before the first day of each regular session of the**
26 **legislature, beginning with the 2022 regular session, the secretary of**
27 **the department of revenue shall submit a report to the legislature on**
28 **the implementation and use of the tax credit provided by this act.}**

29 New Sec. 6. (a) No financial institution shall be required to:

30 (1) Designate an account as a first-time home buyer savings account
31 or designate the beneficiaries of an account in the financial institution's
32 account contracts or systems or in any other way;

33 (2) track the use of moneys withdrawn from an account; or

34 (3) report any information to the department of revenue or any other
35 governmental agency that is not otherwise required by law.

36 (b) No financial institution shall be responsible or liable for:

37 (1) Determining or ensuring that an account holder is eligible for a
38 Kansas adjusted gross income modification pursuant to K.S.A. 79-32,117,
39 and amendments thereto;

40 (2) determining or ensuring that moneys in the account are used for
41 eligible expenses; or

42 (3) reporting or remitting taxes or penalties related to the use of
43 account moneys.

1 Sec. 7. K.S.A. 79-32,117 is hereby amended to read as follows: 79-
2 32,117. (a) The Kansas adjusted gross income of an individual means such
3 individual's federal adjusted gross income for the taxable year, with the
4 modifications specified in this section.

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

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

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

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

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

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

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

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

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

16 (ix) The amount of any ad valorem taxes and assessments paid and
17 the amount of any costs incurred for habitat management or construction
18 and maintenance of improvements on real property, claimed for deduction
19 in 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. 79-32,203,
21 and amendments thereto.

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

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

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

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

42 (xiv) The amount of any amortization deduction claimed in
43 determining federal adjusted gross income to the extent the same is

1 claimed for deduction pursuant to K.S.A. 79-32,221, and amendments
2 thereto.

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

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

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

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

27 (xix) For taxable years beginning after December 31, 2012, and
28 ending before January 1, 2017, the amount of any: (1) Loss from business
29 as determined under the federal internal revenue code and reported from
30 schedule C and on line 12 of the taxpayer's form 1040 federal individual
31 income tax return; (2) loss from rental real estate, royalties, partnerships, S
32 corporations, except those with wholly owned subsidiaries subject to the
33 Kansas privilege tax, estates, trusts, residual interest in real estate
34 mortgage investment conduits and net farm rental as determined under the
35 federal internal revenue code and reported from schedule E and on line 17
36 of the taxpayer's form 1040 federal individual income tax return; and (3)
37 farm loss as determined under the federal internal revenue code and
38 reported from schedule F and on line 18 of the taxpayer's form 1040
39 federal income tax return; all to the extent deducted or subtracted in
40 determining the taxpayer's federal adjusted gross income. For purposes of
41 this subsection, references to the federal form 1040 and federal schedule
42 C, schedule E, and schedule F, shall be to such form and schedules as they
43 existed for tax year 2011, and as revised thereafter by the internal revenue

1 service.

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

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

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

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

26 (xxiv) For taxable years commencing after December 31, 2013, that
27 portion of the amount of any expenditure deduction claimed in
28 determining federal adjusted gross income for expenses paid for medical
29 care of the taxpayer or the taxpayer's spouse or dependents when such
30 expenses were paid or incurred for an abortion, or for a health benefit plan,
31 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
32 an optional rider for coverage of abortion in accordance with K.S.A. 2019
33 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and
34 assessments are claimed as an itemized deduction for federal income tax
35 purposes.

36 (xxv) For taxable years commencing after December 31, 2013, that
37 portion of the amount of any expenditure deduction claimed in
38 determining federal adjusted gross income for expenses paid by a taxpayer
39 for health care when such expenses were paid or incurred for abortion
40 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
41 amendments thereto, when such expenses were paid or incurred for
42 abortion coverage or amounts contributed to health savings accounts for
43 such taxpayer's employees for the purchase of an optional rider for

1 coverage of abortion in accordance with K.S.A. 2019 Supp. 40-2,190, and
2 amendments thereto, to the extent that such taxes and assessments are
3 claimed as a deduction for federal income tax purposes.

4 (xxvi) For all taxable years beginning after December 31, 2016, the
5 amount of any charitable contribution made to the extent the same is
6 claimed as the basis for the credit allowed pursuant to K.S.A. 72-99a07,
7 and amendments thereto, and is also claimed as an itemized deduction for
8 federal income tax purposes.

9 (xxvii) *For all taxable years beginning after December 31, 2020, the*
10 *amount of any contributions to, or earnings from, a first-time home buyers*
11 *savings account if distributions from the account were not used to pay for*
12 *expenses or transactions authorized pursuant to section 4, and*
13 *amendments thereto, or were not held for the minimum length of time*
14 *required pursuant to section 4, and amendments thereto. Contributions to,*
15 *or earnings from, such account shall also include any amount resulting*
16 *from the account holder not designating a surviving transfer on death*
17 *beneficiary pursuant to section 4(e), and amendments thereto.*

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

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

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

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

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

43 (v) The amount of any refund or credit for overpayment of taxes on

1 or measured by income or fees or payments in lieu of income taxes
2 imposed by this state, or any taxing jurisdiction, to the extent included in
3 gross income for federal income tax purposes.

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

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

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

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

20 (x) For taxable years beginning after December 31, 1976, the amount
21 of the federal tentative jobs tax credit disallowance under the provisions of
22 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
23 amount of the targeted jobs tax credit and work incentive credit
24 disallowances under 26 U.S.C. § 280C.

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

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

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

35 (xiv) For all taxable years commencing after December 31, 1996, that
36 portion of any income of a bank organized under the laws of this state or
37 any other state, a national banking association organized under the laws of
38 the United States, an association organized under the savings and loan
39 code of this state or any other state, or a federal savings association
40 organized under the laws of the United States, for which an election as an
41 S corporation under subchapter S of the federal internal revenue code is in
42 effect, which accrues to the taxpayer who is a stockholder of such
43 corporation and which is not distributed to the stockholders as dividends of

1 the corporation. For taxable years beginning after December 31, 2012, and
2 ending before January 1, 2017, the amount of modification under this
3 subsection shall exclude the portion of income or loss reported on schedule
4 E and included on line 17 of the taxpayer's form 1040 federal individual
5 income tax return.

6 (xv) For all taxable years beginning after December 31, 2017, the
7 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
8 filing a joint return, for each designated beneficiary that are contributed to:
9 (1) A family postsecondary education savings account established under
10 the Kansas postsecondary education savings program or a qualified tuition
11 program established and maintained by another state or agency or
12 instrumentality thereof pursuant to section 529 of the internal revenue
13 code of 1986, as amended, for the purpose of paying the qualified higher
14 education expenses of a designated beneficiary; or (2) an achieving a
15 better life experience (ABLE) account established under the Kansas ABLE
16 savings program or a qualified ABLE program established and maintained
17 by another state or agency or instrumentality thereof pursuant to section
18 529A of the internal revenue code of 1986, as amended, for the purpose of
19 saving private funds to support an individual with a disability. The terms
20 and phrases used in this paragraph shall have the meaning respectively
21 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
22 amendments thereto, and the provisions of such sections are hereby
23 incorporated by reference for all purposes thereof.

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

34 (xvii) For all taxable years beginning after December 31, 2004,
35 amounts received by taxpayers who are eligible members of the Kansas
36 army and air national guard as a reimbursement pursuant to K.S.A. 48-
37 281, and amendments thereto, and amounts received for death benefits
38 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
39 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
40 amendments thereto, to the extent that such death benefits are included in
41 federal adjusted gross income of the taxpayer.

42 (xviii) For the taxable year beginning after December 31, 2006,
43 amounts received as benefits under the federal social security act which

1 are included in federal adjusted gross income of a taxpayer with federal
2 adjusted gross income of \$50,000 or less, whether such taxpayer's filing
3 status is single, head of household, married filing separate or married filing
4 jointly; and for all taxable years beginning after December 31, 2007,
5 amounts received as benefits under the federal social security act which
6 are included in federal adjusted gross income of a taxpayer with federal
7 adjusted gross income of \$75,000 or less, whether such taxpayer's filing
8 status is single, head of household, married filing separate or married filing
9 jointly.

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

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

32 (xxi) For all taxable years beginning after December 31, 2013,
33 amounts equal to the unreimbursed travel, lodging and medical
34 expenditures directly incurred by a taxpayer while living, or a dependent
35 of the taxpayer while living, for the donation of one or more human organs
36 of the taxpayer, or a dependent of the taxpayer, to another person for
37 human organ transplantation. The expenses may be claimed as a
38 subtraction modification provided for in this section to the extent the
39 expenses are not already subtracted from the taxpayer's federal adjusted
40 gross income. In no circumstances shall the subtraction modification
41 provided for in this section for any individual, or a dependent, exceed
42 \$5,000. As used in this section, "human organ" means all or part of a liver,
43 pancreas, kidney, intestine, lung or bone marrow. The provisions of this

1 paragraph shall take effect on the day the secretary of revenue certifies to
2 the director of the budget that the cost for the department of revenue of
3 modifications to the automated tax system for the purpose of
4 implementing this paragraph will not exceed \$20,000.

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

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

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

25 *(xxv) For all taxable years beginning after December 31, 2020: (1)*
26 *The amount contributed to a first-time home buyer savings account*
27 *pursuant to section 3, and amendments thereto, in an amount not to*
28 *exceed \$3,000 for an individual or \$6,000 for a married couple filing a*
29 *joint return; or (2) amounts received as income earned from assets in a*
30 *first-time home buyer savings account.*

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

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

40 (f) No taxpayer shall be assessed penalties and interest from the
41 underpayment of taxes due to changes to this section that became law on
42 July 1, 2017, so long as such underpayment is rectified on or before April
43 17, 2018.

1 Sec. 8. K.S.A. 79-32,117 is hereby repealed.

2 Sec. 9. This act shall take effect and be in force from and after its
3 publication in the statute book.