

HOUSE BILL No. 2467

By Representatives Proctor, Blex, Burris, Collins, Dodson, Ellis, French, T.
Johnson, Neelly, Resman, Rhiley, E. Smith and Waggoner

1-5

1 AN ACT concerning income taxation; relating to Kansas adjusted gross
2 income; providing a subtraction modification for certain amounts
3 received as compensation for members of the armed forces; amending
4 K.S.A. 2021 Supp. 79-32,117 and repealing the existing section.

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

7 Section 1. K.S.A. 2021 Supp. 79-32,117 is hereby amended to read as
8 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
9 means such individual's federal adjusted gross income for the taxable year,
10 with the modifications specified in this section.

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

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

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

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

35 (iv) Federal income tax refunds received by the taxpayer if the

1 and was allowed and in effect on December 31, 2017.

2 (xxviii) (1) For all taxable years beginning after December 31, ~~2021~~,
3 amounts not exceeding \$30,000 for compensation received by an
4 individual who is:

2022

5 (A) Serving on active duty in the armed forces; or

6 (B) a guard member:

7 (i) Attending inactive duty training; or

8 (ii) that has completed annual training days, drill pay, initial active
9 duty for training, regularly scheduled drill, title 32 orders or unit training
10 assembly.

11 (2) For married filing status taxpayers, the maximum amount
12 allowed as a deduction under this subsection shall not exceed \$60,000 if
13 both individuals satisfy the individual maximum threshold set forth in
14 paragraph (1).

15 (3) As used in this subsection:

16 (A) "Active duty" means full-time duty status in the active uniformed
17 service of the United States, including members of a reserve component to
18 include air and army national guard.

19 (B) "Armed forces" means a person who serves in the:

20 (i) Air force, army, coast guard, marine corps, navy, space force of
21 the United States or a reserve unit of any such branch of the United States
22 military; or

23 (ii) Kansas air or army national guard.

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

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

33 (f) No taxpayer shall be assessed penalties and interest from the
34 underpayment of taxes due to changes to this section that became law on
35 July 1, 2017, so long as such underpayment is rectified on or before April
36 17, 2018.

37 Sec. 2. K.S.A. 2021 Supp. 79-32,117 is hereby repealed.

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