

## HOUSE BILL No. 2197

By Committee on Financial Institutions and Pensions

1-26

1 AN ACT concerning financial institutions; relating to the first-time home  
2 buyer savings account act; providing a procedure for the distribution of  
3 the account balance upon the death of an account holder; changing the  
4 term "transfer on death" to "payable on death" regarding beneficiaries;  
5 resolving a conflict when beneficiaries differ on a financial institution's  
6 account records and on first-time home buyer savings account tax  
7 forms required by the secretary of revenue; amending K.S.A. 2022  
8 Supp. 58-4903, 58-4904, 58-4906 and 79-32,117 and repealing the  
9 existing sections.

10  
11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. K.S.A. 2022 Supp. 58-4903 is hereby amended to read as  
13 follows: 58-4903. (a) On and after July 1, 2022, any individual may open  
14 an account with a financial institution and designate the account, in its  
15 entirety, as a first-time home buyer savings account to be used to pay or  
16 reimburse a designated beneficiary's eligible expenses for the purchase or  
17 construction of a primary residence in this state. An individual may be the  
18 account holder of multiple accounts and an individual may jointly own the  
19 account with another individual if such individuals file a joint income tax  
20 return. An account holder shall comply with the requirements of this act to  
21 be eligible for the modifications set forth in K.S.A. 79-32,117, and  
22 amendments thereto.

23 (b) (1) An account holder shall designate, no later than April 15 of the  
24 year following the taxable year during which the account is established, a  
25 first-time home buyer as the designated beneficiary of the account.  
26 Nothing in this section shall prohibit an account holder from designating  
27 such account holder as the designated beneficiary of an account. An  
28 account holder may change the designated beneficiary at any time, but no  
29 account shall have more than one designated beneficiary at any time. An  
30 individual may be designated as the designated beneficiary of more than  
31 one account if such accounts are held by separate account holders. No  
32 account holder shall be authorized to designate the same designated  
33 beneficiary on multiple accounts held by such account owner.

34 (2) *The naming of a designated beneficiary shall not create a*  
35 *survivorship interest in the account for such designated beneficiary. In the*  
36 *event of the death of an account holder, the balance of such account shall*

1 *be paid to the payable on death beneficiary in accordance with K.S.A. 9-*  
2 *1215, and amendments thereto, or, in the absence of a named payable on*  
3 *death beneficiary, in accordance with the provisions of the Kansas probate*  
4 *code.*

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

7 (A) The maximum contribution to an account in any tax year shall be  
8 \$3,000 for an individual and \$6,000 for a married couple filing a joint  
9 return;

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

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

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

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

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

25 Sec. 2. K.S.A. 2022 Supp. 58-4904 is hereby amended to read as  
26 follows: 58-4904. (a) (1) The moneys in a first-time home buyer savings  
27 account may be:

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

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

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

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

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

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

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

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

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

7 (c) Moneys that are subject to recapture shall be an amount equal to  
8 the moneys withdrawn from an account and shall be added to the Kansas  
9 adjusted gross income pursuant to K.S.A. 79-32,117(b)(xxvii), and  
10 amendments thereto, of the account holder or, if the account holder is no  
11 longer living, the designated beneficiary. If any moneys are subject to  
12 recapture, the account holder shall pay a penalty in the following amounts:  
13 (1) If the withdrawal of moneys occurred 10 or less years after the first  
14 deposit in the account, 5% of the amount subject to recapture; and (2) if  
15 the withdrawal of moneys occurred more than 10 years after the first  
16 deposit in the account, 10% of the amount subject to recapture.

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

23 (e) If the account holder dies or, if the account is jointly owned and  
24 the account owners die, and the account does not have a surviving ~~transfer~~  
25 *payable* on death beneficiary, then all of the moneys in the account  
26 resulting from contributions or income earned from assets in the account  
27 pursuant to K.S.A. 79-32,117, and amendments thereto, shall be subject to  
28 recapture in the tax year of the death or deaths, but no penalty shall be  
29 assessed pursuant to subsection (c).

30 Sec. 3. K.S.A. 2022 Supp. 58-4906 is hereby amended to read as  
31 follows: 58-4906. (a) No financial institution shall be required to:

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

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

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

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

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

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

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

3 (c) *A financial institution may rely on such financial institution's*  
4 *account records for determining a payable on death beneficiary for a first-*  
5 *time home buyer savings account. If the payable on death beneficiary in a*  
6 *financial institution's account records conflicts with the designated*  
7 *beneficiary on any form required by the secretary under the first-time*  
8 *home buyer savings account act, the payable on death beneficiary in such*  
9 *financial institution's account records shall control.*

10 Sec. 4. K.S.A. 2022 Supp. 79-32,117 is hereby amended to read as  
11 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
12 means such individual's federal adjusted gross income for the taxable year,  
13 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 the  
17 same is not included in federal adjusted gross income, on obligations of  
18 any state or political subdivision thereof, but to the extent that interest  
19 income on obligations of this state or a political subdivision thereof issued  
20 prior to January 1, 1988, is specifically exempt from income tax under the  
21 laws of this state authorizing the issuance of such obligations, it shall be  
22 excluded from computation of Kansas adjusted gross income whether or  
23 not included in federal adjusted gross income. Interest income on  
24 obligations of this state or a political subdivision thereof issued after  
25 December 31, 1987, shall be excluded from computation of Kansas  
26 adjusted gross income whether or not included in federal adjusted gross  
27 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 taxes  
32 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 federal  
36 net operating loss deduction shall not be added to an individual's federal  
37 adjusted gross income for tax years beginning after December 31, 2016.

38 (iv) Federal income tax refunds received by the taxpayer if the  
39 deduction of the taxes being refunded resulted in a tax benefit for Kansas  
40 income tax purposes during a prior taxable year. Such refunds shall be  
41 included in income in the year actually received regardless of the method  
42 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall  
43 be deemed to have resulted if the amount of the tax had been deducted in

1 determining income subject to a Kansas income tax for a prior year  
2 regardless of the rate of taxation applied in such prior year to the Kansas  
3 taxable income, but only that portion of the refund shall be included as  
4 bears the same proportion to the total refund received as the federal taxes  
5 deducted in the year to which such refund is attributable bears to the total  
6 federal income taxes paid for such year. For purposes of the foregoing  
7 sentence, federal taxes shall be considered to have been deducted only to  
8 the extent such deduction does not reduce Kansas taxable income below  
9 zero.

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

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

18 (vii) The amount of any charitable contribution made to the extent the  
19 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
20 32,196, and amendments thereto.

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

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

31 (x) Amounts received as nonqualified withdrawals, as defined by  
32 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a  
33 family postsecondary education savings account, such amounts were  
34 subtracted from the federal adjusted gross income pursuant to ~~K.S.A. 79-  
35 32,117(c)(xv), and amendments thereto~~, *subsection (c)(xv)* or if such  
36 amounts are not already included in the federal adjusted gross income.

37 (xi) The amount of any contribution made to the same extent the  
38 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-  
39 50,154, and amendments thereto.

40 (xii) For taxable years commencing after December 31, 2004,  
41 amounts received as withdrawals not in accordance with the provisions of  
42 K.S.A. 74-50,204, and amendments thereto, if, at the time of contribution  
43 to an individual development account, such amounts were subtracted from

1 the federal adjusted gross income pursuant to subsection (c)(xiii), or if  
2 such amounts are not already included in the federal adjusted gross  
3 income.

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

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

12 (xv) The amount of any expenditures claimed for deduction in  
13 determining federal adjusted gross income, to the extent the same is  
14 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223  
15 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-  
16 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-  
17 32,251 through 79-32,254, and amendments thereto.

18 (xvi) The amount of any amortization deduction claimed in  
19 determining federal adjusted gross income to the extent the same is  
20 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-  
21 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

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

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

1 federal internal revenue code and reported from schedule E and on line 17  
2 of the taxpayer's form 1040 federal individual income tax return; and (3)  
3 farm loss as determined under the federal internal revenue code and  
4 reported from schedule F and on line 18 of the taxpayer's form 1040  
5 federal income tax return; all to the extent deducted or subtracted in  
6 determining the taxpayer's federal adjusted gross income. For purposes of  
7 this subsection, references to the federal form 1040 and federal schedule  
8 C, schedule E, and schedule F, shall be to such form and schedules as they  
9 existed for tax year 2011, and as revised thereafter by the internal revenue  
10 service.

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

19 (xxi) For taxable years beginning after December 31, 2012, and  
20 ending before January 1, 2017, the amount of any deduction for pension,  
21 profit sharing, and annuity plans of self-employed individuals under  
22 section 62(a)(6) of the federal internal revenue code as in effect on January  
23 1, 2012, and amendments thereto, in determining the federal adjusted gross  
24 income of an individual taxpayer.

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

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

35 (xxiv) For taxable years commencing after December 31, 2013, that  
36 portion of the amount of any expenditure deduction claimed in  
37 determining federal adjusted gross income for expenses paid for medical  
38 care of the taxpayer or the taxpayer's spouse or dependents when such  
39 expenses were paid or incurred for an abortion, or for a health benefit plan,  
40 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of  
41 an optional rider for coverage of abortion in accordance with K.S.A. 40-  
42 2,190, and amendments thereto, to the extent that such taxes and  
43 assessments are claimed as an itemized deduction for federal income tax

1 purposes.

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

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

18 (xxvii) For all taxable years commencing after December 31, 2020,  
19 the amount deducted by reason of a carryforward of disallowed business  
20 interest pursuant to section 163(j) of the federal internal revenue code of  
21 1986, as in effect on January 1, 2018.

22 (xxviii) For all taxable years beginning after December 31, 2021, the  
23 amount of any contributions to, or earnings from, a first-time home buyer  
24 savings account if distributions from the account were not used to pay for  
25 expenses or transactions authorized pursuant to K.S.A. 2022 Supp. 58-  
26 4904, and amendments thereto, or were not held for the minimum length  
27 of time required pursuant to K.S.A. 2022 Supp. 58-4904, and amendments  
28 thereto. Contributions to, or earnings from, such account shall also include  
29 any amount resulting from the account holder not designating a surviving  
30 ~~transfer payable~~ on death beneficiary pursuant to K.S.A. 2022 Supp. 58-  
31 4904(e), and amendments thereto.

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

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

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

42 (iii) The portion of any gain or loss from the sale or other disposition  
43 of property having a higher adjusted basis for Kansas income tax purposes



1 than for federal income tax purposes on the date such property was sold or  
2 disposed of in a transaction in which gain or loss was recognized for  
3 purposes of federal income tax that does not exceed such difference in  
4 basis, but if a gain is considered a long-term capital gain for federal  
5 income tax purposes, the modification shall be limited to that portion of  
6 such gain which is included in federal adjusted gross income.

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

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

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

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

26 (viii) Amounts received by retired railroad employees as a  
27 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and  
28 228c(a)(1) et seq.

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

34 (x) For taxable years beginning after December 31, 1976, the amount  
35 of the federal tentative jobs tax credit disallowance under the provisions of  
36 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the  
37 amount of the targeted jobs tax credit and work incentive credit  
38 disallowances under 26 U.S.C. § 280C.

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

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

1 and amendments thereto.

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

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

20 (xv) For all taxable years beginning after December 31, 2017, the  
21 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple  
22 filing a joint return, for each designated beneficiary that are contributed to:  
23 (1) A family postsecondary education savings account established under  
24 the Kansas postsecondary education savings program or a qualified tuition  
25 program established and maintained by another state or agency or  
26 instrumentality thereof pursuant to section 529 of the internal revenue  
27 code of 1986, as amended, for the purpose of paying the qualified higher  
28 education expenses of a designated beneficiary; or (2) an achieving a  
29 better life experience (ABLE) account established under the Kansas ABLE  
30 savings program or a qualified ABLE program established and maintained  
31 by another state or agency or instrumentality thereof pursuant to section  
32 529A of the internal revenue code of 1986, as amended, for the purpose of  
33 saving private funds to support an individual with a disability. The terms  
34 and phrases used in this paragraph shall have the meaning respectively  
35 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and  
36 amendments thereto, and the provisions of such sections are hereby  
37 incorporated by reference for all purposes thereof.

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

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

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

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

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

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

1 and as revised thereafter by the internal revenue service.

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

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

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

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

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

42 (xxvi) For all taxable years commencing after December 31, 2020,  
43 the amount disallowed as a deduction pursuant to section 163(j) of the

1 federal internal revenue code of 1986, as in effect on January 1, 2018.

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

7 (xxviii) For all taxable years beginning after December 31, 2021: (1)  
8 The amount contributed to a first-time home buyer savings account  
9 pursuant to K.S.A. 2022 Supp. 58-4903, and amendments thereto, in an  
10 amount not to exceed \$3,000 for an individual or \$6,000 for a married  
11 couple filing a joint return; or (2) amounts received as income earned from  
12 assets in a first-time home buyer savings account.

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

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

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

26 Sec. 5. K.S.A. 2022 Supp. 58-4903, 58-4904, 58-4906 and 79-32,117  
27 are hereby repealed.

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