

STATE OF KANSAS

SENATE CHAMBER

MR. PRESIDENT:

I move to amend **Substitute for SB 286**, on page 1, by striking all in lines 13 through 36;

By striking all on pages 2 through 9;

On page 10, by striking all in lines 1 through 25; following line 25, by inserting:

"New Section 1. This act shall be known and may be cited as the frontline service pay act.

New Sec. 2. For purposes of this act:

(a) "Department" means the department of commerce.

(b) "Eligible employee" means an employee engaged in public or private sector frontline service in Kansas who:

(1) Cannot effectively and safely conduct their business remotely from home; and

(2) has wages of less than \$25 per hour or a salary that, based on all hours worked and pay received during the most recent three-month period, averages less than \$25 per hour.

(c) "Eligible employer" means the state of Kansas and any Kansas local governmental or private employer located in Kansas that employs an eligible employee in Kansas.

(d) "Frontline service" means:

(1) Service in high-contact or congregate work settings, including, but not limited to:

(A) Corrections facilities;

(B) behavioral health facilities, including, but not limited to, state hospitals;

(C) K-12 schools;

(D) firefighters, law enforcement officers and emergency medical technicians;

- (E) grocery stores and food services;
 - (F) critical manufacturing facilities, designated by the secretary of commerce to be critical to the public welfare;
 - (G) food processing facilities;
 - (H) healthcare facilities, including custodial and other support staff;
 - (I) in-home and long-term care;
 - (J) childcare providers;
 - (K) shelters for domestic violence victims or homeless persons; or
 - (L) transportation workers;
- (2) service in the following industries or employments, if required to be in a high-risk setting:
- (A) State agencies;
 - (B) warehouses;
 - (C) agriculture;
 - (D) suppliers of critical services or materials for COVID-19 response;
 - (E) the division of motor vehicles of the department of revenue; or
 - (F) any service designated by the secretary of commerce to be of similarly substantial risk of infection;
- (3) service in an industry or employment designated by the secretary of commerce to be critical to the public welfare and where employers are at risk of a shortage of workers for such service; or
- (4) service in industries that are included in the Kansas' essential function framework, as defined in Executive Order 20-16 and that is generally required to be in a high-risk setting.
- (e) "Frontline service grant" means a grant of funds from the COVID-19 frontline

service fund by the secretary of commerce to eligible employers to provide enhanced hazard pay to eligible employees in accordance with the provisions of this act.

(f) "High-risk setting" means an employment setting that exposes the employee to a high risk of infection of COVID-19 due to the degree of physical proximity to or contact with other persons or exposure to the respiration of, bodily fluids of or objects or surfaces touched by other persons.

(g) "Secretary" means the secretary of commerce.

New Sec. 3.

DEPARTMENT OF COMMERCE

(a) There is appropriated for the department of commerce from the following special revenue fund or funds for the fiscal year ending June 30, 2021, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

COVID-19 frontline service fund.....No limit

Provided, That, notwithstanding the provisions of sections 2 through 4 of chapter 1 of the 2020 Special Session Laws of Kansas, any other statute, section 30(c) of 2021 House Bill No. 2007, or any other appropriation act, for the fiscal year ending June 30, 2021, the director of the budget shall determine the amount of moneys received by the state that are identified as moneys from the federal government for aid to the state of Kansas for coronavirus relief as appropriated in the following acts that are eligible to be used for the purposes of this act, may be expended at the discretion of the state, in compliance with the office of management and budget's uniform administrative requirements, cost principles and audit requirements for federal awards, and are unencumbered: (A) The federal CARES act, public law 116-136; (B) the federal coronavirus preparedness and response supplemental appropriation act, 2020, public law 116-123; (C) the federal families first coronavirus response act, public law 116-127; (D) the federal paycheck protection program and health care enhancement act, public law 116-139; (E) the federal consolidated appropriations act, 2021, public law 116-260; (F) the American rescue plan act of 2021, public law 117-2; and (G) any other federal law that appropriates moneys to the state for aid for coronavirus relief: *Provided further*, That, of such identified moneys, following transfers required in 2021 Senate Substitute for House Bill No. 2196 and 2021 Senate Substitute for House Bill No. 2208, the director of the budget shall certify the amount so determined to the director of accounts and reports and, at the same time as such certification is transmitted to the director of accounts and reports, shall transmit a copy of such certification to the director of

legislative research and the governor: *And provided further*, That, upon receipt of each such certification, if the total certified amount is greater than \$50,000,000, the director of accounts and reports shall transfer \$50,000,000 of the amount certified from the identified federal funds in the state treasury to the COVID-19 frontline service fund: *And provided further*, That such funds shall be distributed to eligible employers as determined by the department of commerce pursuant to the provisions of this act.

(b) Upon receipt of the certification from the director of the budget as provided in subsection (a), the governor may determine an additional amount of moneys greater than \$50,000,000 received by the state from such federal moneys to the state for aid for coronavirus relief, that are identified as moneys that may be expended at the discretion of the state, to be transferred to the COVID-19 frontline service fund. Such determination shall consider whether additional funds would improve the duration of or expand eligibility for the distribution of funds to eligible employers by the department of commerce pursuant to the provisions of this act. The director of the budget shall certify such additional amount determined by the governor to the director of accounts and reports and, at the same time as such certification is transmitted to the director of accounts and reports, shall transmit a copy of such certification to the director of legislative research. Upon receipt of such certification, the director of accounts and reports shall transfer the amount certified from the identified federal funds in the state treasury to the COVID-19 frontline service fund. Such moneys shall be distributed to eligible employers as determined by the department of commerce pursuant to the provisions of this act.

New Sec. 4.

DEPARTMENT OF COMMERCE

(a) There is appropriated for the department of commerce from the following special revenue fund or funds for the fiscal year ending June 30, 2022, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

COVID-19 frontline service fund.....No limit

Provided, That, notwithstanding the provisions of any other statute, section 30(c) of 2021 House Bill No. 2007, or any other appropriation act, for the fiscal year ending June 30, 2022, the director of the budget shall determine the amount of moneys received by the state that are identified as moneys from the federal government for aid to the state of Kansas for coronavirus relief as appropriated in the following acts that are eligible to be used for the purposes of this act, may be expended at the discretion of the state, in compliance with the office of management and budget's uniform administrative requirements, cost principles and audit requirements for federal awards, and are unencumbered: (A) The federal CARES act, public law 116-136; (B) the federal coronavirus preparedness and response supplemental appropriation act, 2020, public law 116-123; (C) the federal families first coronavirus response act, public law 116-127; (D) the federal paycheck protection program and health care enhancement act, public law 116-139; (E) the federal consolidated appropriations act, 2021, public law 116-260; (F) the American rescue plan act of 2021, public law 117-2; and (G) any other federal law that appropriates moneys to the state for aid for coronavirus relief: *Provided further*, That, of such identified moneys, following transfers required in 2021 Senate Substitute for House Bill No. 2196 and 2021 Senate Substitute for House Bill No. 2208, the director of the budget shall certify the amount so determined to the director of accounts and reports and, at the same time as such certification is transmitted to the director of accounts and reports, shall transmit a copy of such certification to the director of legislative research and the governor: *And provided further*, That, upon receipt of each such certification, if the total certified amount is greater than \$50,000,000, the director of accounts and reports shall transfer \$50,000,000 of the amount certified from the identified federal funds in the state treasury to the COVID-19 frontline service fund: *And provided further*, That such funds shall be distributed to eligible employers as determined by the department of commerce pursuant to the provisions of this act.

(b) Upon receipt of the certification from the director of the budget as provided in subsection (a), the governor may determine an additional amount of moneys greater than \$50,000,000 received by the state from such federal moneys to the state for aid for coronavirus relief, that are identified as moneys that may be expended at the discretion of the state, to be transferred to the COVID-19 frontline service fund. Such determination shall consider whether additional funds would improve the duration of or expand eligibility for the distribution of funds to eligible employers by the department of commerce pursuant to the provisions of this act. The director of the budget shall certify such additional amount determined by the governor to the director of accounts and reports and, at the same time as such certification is transmitted to the director of accounts and reports, shall transmit a copy of such certification to the director of

legislative research. Upon receipt of such certification, the director of accounts and reports shall transfer the amount certified from the identified federal funds in the state treasury to the COVID-19 frontline service fund. Such moneys shall be distributed to eligible employers as determined by the department of commerce pursuant to the provisions of this act.

New Sec. 5. (a) The secretary of commerce shall administer the provisions of this act and shall be responsible for the allocation and distribution of grants of moneys from the COVID-19 frontline service fund to eligible employers for the purpose of providing enhanced hazard pay to eligible employees in accordance with the provisions of this act.

(b) The amount of a grant by the secretary to an eligible employer shall be limited to \$1,200 per eligible employee and shall be distributed by the eligible employer to the eligible employee during a period of 10 weeks by providing \$3 per hour during such period in addition to the eligible employee's ordinary wages, or for salaried employees, by providing the amount of \$1,200 divided by the number of salary payments during such period in addition to ordinary salary payments.

(c) The sole purpose of grant moneys from the COVID-19 frontline service fund shall be to provide additional hazard pay to eligible employees as provided by this act. Employers shall apply for grants of funds from the secretary and shall pass all such funds obtained to their employees as additional pay.

(d) In administering the provisions of this act, the secretary shall have and may exercise the following powers, duties and functions, including, but not limited to:

(1) Develop and implement a plan to notify potentially eligible employers and employees about their potential eligibility and provide guidance to employers about the application process and lawful use of grant moneys distributed by the secretary;

(2) establish standards, criteria and guidelines to determine employer eligibility for

grants and employee eligibility for increased pay in accordance with the provisions of this act;

(3) develop an employer application form and employer agreement requirements;

(4) review applications from employers, enter into agreements with employers approved as eligible by the secretary and distribute grants to such eligible employers, as provided by this act and to the extent funds are available;

(5) monitor and audit the use of grant moneys by employers to ensure such use is consistent with the requirements of this act;

(6) in the event additional funds are available, provide grants to additional eligible employers or extend grant funding to eligible employers who have received a grant. Extension of funding to an eligible employer shall be at the rate of \$120 per week per eligible employee; and

(7) enforce the provisions of this act and investigate any potential violations.

(e) The secretary may adopt rules and regulations necessary to implement and administer the provisions of this act.

New Sec. 6. (a) (1) The provisions of this subsection shall apply to private eligible employers. Any eligible private employer meeting the requirements of this act may apply to the secretary of commerce for a grant pursuant to the provisions of this act. The application shall be submitted on a form and in a manner prescribed by the secretary and shall include evidence that the:

(A) Applicant is an eligible employer; and

(B) employees designated by the employer to receive the grant funds are eligible employees.

(2) The secretary shall consider applications in the order that they are received, determine whether the employer is an eligible employer and employees designated by the employer for receipt of additional pay are eligible employees and may either approve or

disapprove the application. Any eligible employer whose application is approved shall be eligible to receive a grant as of the date such eligible employer enters into an agreement with the secretary in accordance with this section.

(3) Upon approval of an application for a grant, the secretary shall enter into an agreement with the eligible employer for benefits under this act. The agreement between the eligible employer and the secretary shall be entered into before any grant may be provided and shall specify that:

(A) All grant moneys received by the eligible employer shall be used solely for the purpose of providing additional hazard pay to the identified eligible employees and shall be passed directly to such employees through employee paychecks. Grant-funded additional pay shall be provided to eligible employees not later than the conclusion of the first pay period of the eligible employee that follows two weeks from the receipt of grant funds from the secretary and shall be a demarcated line item on the eligible employee's pay stub or notification, labeled "Frontline Service Pay." The distribution of the grant funds to eligible employees shall be as provided in section 5(b), and amendments thereto;

(B) the eligible employer shall not offset or reduce the ordinary compensation or other compensation provided to eligible employees receiving additional pay or to non-eligible employees by the use of grant funds;

(C) the eligible employer shall provide any documentation requested by the secretary and, if requested by the secretary, submit to an examination of its books and records for the purpose of determining whether the eligible employer is complying with the requirements of the agreement and of this act; and

(D) if the eligible employer fails to comply with the terms and conditions set forth in the agreement or fails to comply with the provisions of this act, the secretary may terminate the

agreement, and the eligible employer shall not be entitled to any further grant moneys. The employer shall be required to remit to the state an amount equal to the grant retained by the eligible employer as of the date the agreement is terminated, including any grant funds not paid to an eligible employee.

(4) If the secretary approves the application and the agreement is executed, the secretary shall distribute grant funds to the eligible employer in the amount of \$1,200 per identified eligible employee for payment to such eligible employees as provided by the agreement and the provisions of this act.

(b) (1) All state agencies, boards, commissions, institutions, political subdivisions of the state and local governmental units shall be considered for distribution of grant funds by the secretary. Within 14 days of the effective date of this act, such public employers shall provide a list of eligible employees to the secretary and such information as requested by the secretary for the purpose of enabling the secretary to determine eligibility. The secretary may require such public employers to enter into an agreement with the secretary specifying the use of grant funds and manner of payment of grant funds to employees prior to extending grant funding. All enhanced hazard pay to employees shall be a demarcated line item on the eligible employee's pay stub or notification, labeled "Frontline Service Pay." The secretary shall determine the eligibility of such employees and execute any agreements by June 30, 2021.

(2) Eligible state employees shall receive the enhanced hazard pay at the conclusion of their first pay period following two weeks from the distribution of funds into the COVID-19 frontline service fund.

(c) In the event additional funding becomes available to the secretary, an eligible employer that is already receiving grant funds may apply to the secretary for additional grant funding if the eligible employer meets the requirements of this act, is approved by the secretary

and enters into a new agreement with the secretary or if the provisions of the previous agreement continue to apply.

New Sec. 7. A violation of the provisions of this act committed with the intent to defraud shall be a class C nonperson misdemeanor.

New Sec. 8. Payment to eligible employees pursuant to this act shall not be included in Kansas adjusted gross income and shall not be taxable for purposes of the Kansas income tax act. To the extent permitted by federal law, such payments shall not be considered as income for the purposes of eligibility for any income-based programs administered by the state of Kansas, including, but not limited to, medicaid.";

Also, on page 10, following line 26, by inserting:

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

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

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

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

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

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

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

(vi) Any amount of designated employee contributions picked up by an employer

pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965, and amendments thereto.

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

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

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

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

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

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

(xiii) The amount of any expenditures claimed for deduction in determining federal

adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

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

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

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

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

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

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

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

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

individual taxpayer.

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

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

(xxiv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid for medical care of the taxpayer or the taxpayer's spouse or dependents when such expenses were paid or incurred for an abortion, or for a health benefit plan, as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2020 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

(xxv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in K.S.A. 65-6731, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2020 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as a deduction for federal income tax

purposes.

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

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

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

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

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

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

income or gain, or to a trust or estate from which the taxpayer received the income or gain.

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

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

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

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

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

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

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

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

1246, 13-1246a and 13-1249, and amendments thereto.

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

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

(xv) For all taxable years beginning after December 31, 2017, the cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple filing a joint return, for each designated beneficiary that are contributed to: (1) A family postsecondary education savings account established under the Kansas postsecondary education savings program or a qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended, for the purpose of paying the qualified higher education expenses of a designated beneficiary; or (2) an achieving a better life experience (ABLE) account established under the Kansas ABLE savings program or a qualified ABLE program established and maintained by another state or agency or

instrumentality thereof pursuant to section 529A of the internal revenue code of 1986, as amended, for the purpose of saving private funds to support an individual with a disability. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and amendments thereto, and the provisions of such sections are hereby incorporated by reference for all purposes thereof.

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

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

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

federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of \$75,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly.

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

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

(xxi) For all taxable years beginning after December 31, 2013, amounts equal to the unreimbursed travel, lodging and medical expenditures directly incurred by a taxpayer while living, or a dependent of the taxpayer while living, for the donation of one or more human organs

of the taxpayer, or a dependent of the taxpayer, to another person for human organ transplantation. The expenses may be claimed as a subtraction modification provided for in this section to the extent the expenses are not already subtracted from the taxpayer's federal adjusted gross income. In no circumstances shall the subtraction modification provided for in this section for any individual, or a dependent, exceed \$5,000. As used in this section, "human organ" means all or part of a liver, pancreas, kidney, intestine, lung or bone marrow. The provisions of this paragraph shall take effect on the day the secretary of revenue certifies to the director of the budget that the cost for the department of revenue of modifications to the automated tax system for the purpose of implementing this paragraph will not exceed \$20,000.

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

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

(xxiv) For taxable years beginning after December 31, 2013, and ending before January 1, 2017, the net gain from the sale from Christmas trees grown in Kansas and held by the

taxpayer for six years or more.

(xxv) For taxable years beginning after December 31, 2020, amounts received by employees in additional compensation as a separate line item on an employee's pay stub or notification and labeled "Frontline Service Pay", pursuant to the provisions of the frontline service pay act.

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

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

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

Also on page 10, in line 26, by striking "48-933" and inserting "79-32,117";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "enacting" and inserting "concerning the state response to"; also in line 1, by striking "business relief act" and inserting "emergency"; also in line 1, by striking all after the semicolon; by striking all in lines 2 through 8; in line 9, by striking all before the semicolon and inserting "enacting the frontline service pay act; providing for enhanced hazard pay for frontline service workers funded by federal COVID-19 moneys provided to Kansas and making such pay exempt from state income tax; making and concerning appropriations for the fiscal years ending June 30, 2021, and June 30, 2022"; also in line 9, by

striking "48-933" and inserting "79-32,117"

Senator _____