AN ACT concerning income taxation; establishing the golden years homestead property tax freeze act, providing residential property tax refunds; collectively renaming homestead property relief as the golden years homestead property tax freeze program; establishing a checkoff for contributions to the Kansas historic site fund; establishing the salt parity act to allow pass-through entities to elect to pay state income tax at the entity level; increasing the Kansas standard deduction; relating to certain net operating losses; providing a subtraction modification to allow the carryforward of certain net operating losses for individuals; allowing a carryback on loss from sale of certain historic hotels; providing a subtraction modification for the federal work opportunity tax credit and the employee retention credit disallowance; providing a credit for contributions to community colleges and technical colleges; amending K.S.A. 79-3220 and sections 79-32,111, 79-32,117, 79-32,119, 79-32,138 and 79-32,143 and repealing the existing sections; also repealing K.S.A. 2021 Supp. 79-32,117q.

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

New Section 1. The provisions of sections 1 through 17, and amendments thereto, shall be known as and may be cited as the golden years homestead property tax freeze act. The purpose of this act shall be to provide refunds arising from increased ad valorem tax assessments to: (a) Certain persons who are of qualifying age and who own their homesteads; or (b) certain persons who have a disability as a result of military service and who own their homesteads.

New Sec. 2. As used in sections 1 through 17, and amendments thereto:

(a) "Act" means the golden years homestead property tax freeze act.

(b) "Base year" means the year in which an individual becomes an eligible claimant and who is also eligible for a claim for refund pursuant to section 16, and amendments thereto. For any individual who would
otherwise be an eligible claimant prior to 2019 2021, such base year shall be deemed to be 2019 2021 for the purposes of this act. In the event an individual is no longer an eligible claimant under this act, the individual shall establish a new base year in the year that the individual becomes an eligible claimant.

(c) "Claimant" means a person who has filed a claim under the provisions of this act and was, during the entire calendar year preceding the year in which such claim was filed for refund under this act, except as provided in section 3, and amendments thereto, both domiciled in this state and was: (1) A person who is 65 years of age or older; or (2) a disabled veteran. The surviving spouse of a person 65 years of age or older or a disabled veteran who was receiving benefits pursuant to this section at the time of the claimant's death, shall be eligible to continue to receive benefits until such time the surviving spouse remarries.

(d) "Disabled veteran" means a person who is a resident of Kansas and has been honorably discharged from active service in any branch of the armed forces of the United States or the Kansas national guard and who has been certified by the United States department of veterans affairs or its successor to have a 50% or greater permanent disability sustained through military action or accident or resulting from a disease contracted while in such active service.

(e) "Homestead" means the dwelling, or any part thereof, owned and occupied as a residence by the household and so much of the land surrounding it, as defined as a home site for ad valorem tax purposes, and may consist of a part of a multi-dwelling or multi-purpose building and a part of the land upon which it is built or a manufactured home or mobile home and the land upon which it is situated. "Owned" includes one or more joint tenants or tenants in common.

When a homestead is occupied by two or more individuals and more than one of the individuals is able to qualify as a claimant, the individuals may determine between them as to who the claimant will be. If they are unable to agree, the matter shall be referred to the secretary of revenue, whose decision shall be final.

(f) "Household" means a claimant, a claimant and spouse who occupy the homestead or a claimant and one or more individuals not related as married individuals who together occupy a homestead.

(g) "Household income" means all income received by all persons of a household in a calendar year while members of such household.

(h) "Income" means the sum of adjusted gross income under the Kansas income tax act effective for tax year 2020 2022, and tax years thereafter, without regard to any maintenance, support money, cash public assistance and relief, not including any refund granted under this act, the gross amount of any pension or annuity, including all monetary retirement
benefits from whatever source derived, including, but not limited to, all payments received under the railroad retirement act, except disability payments, payments received under the federal social security act, except that for determination of what constitutes income, such amount shall not exceed 50% of any such social security payments and shall not include any social security payments to a claimant who, prior to attaining full retirement age, had been receiving disability payments under the federal social security act in an amount not to exceed the amount of such disability payments or 50% of any such social security payments, whichever is greater, all dividends and interest from whatever source derived not included in adjusted gross income, workers compensation and the gross amount of loss of time insurance. Income does not include gifts from nongovernmental sources or surplus food or other relief in kind supplied by a governmental agency, nor shall net operating losses and net capital losses be considered in the determination of income. Income does not include veterans disability pensions or disability payments received under the federal social security act.

(i) "Property taxes accrued" means property taxes, exclusive of special assessments, delinquent interest and charges for service, levied on a claimant's homestead in 2019 or any calendar year thereafter by the state of Kansas and the political and taxing subdivisions of the state. When a homestead is owned by two or more persons or entities as joint tenants or tenants in common and one or more of the persons or entities is not a member of the claimant's household, "property taxes accrued" is that part of property taxes levied on the homestead that reflects the ownership percentage of the claimant's household. For purposes of this act, property taxes are levied when the tax roll is delivered to the local treasurer with the treasurer's warrant for collection. When a claimant and household own their homestead for only a part of a calendar year, "property taxes accrued" means only taxes levied on the homestead when both owned and occupied as a homestead by the claimant's household at the time of the levy, multiplied by the percentage of 12 months that the property was owned and occupied by the household as its homestead in that year. When a household owns and occupies two or more different homesteads in the same calendar year, property taxes accrued shall be the sum of the taxes allocable to those several properties while occupied by the household as its homesteads during the year. Whenever a homestead is an integral part of a larger unit such as a multi-purpose or multi-dwelling building, property taxes accrued shall be that percentage of the total property taxes that is equal to the percentage of the value of the homestead compared to the total unit's value. For the purpose of this act, the word "unit" refers to that parcel of property covered by a single tax statement of which the homestead is a part.
New Sec. 3. The right to file a claim under this act may be exercised on behalf of a claimant by such person's legal guardian, conservator or attorney-in-fact. When a claimant dies after having filed a timely claim, the amount thereof shall be disbursed to another member of the household as determined by the director of taxation. If the claimant was the only member of such person's household, the claim may be paid to such person's executor or administrator, but if neither is appointed and qualified, the amount of the claim may be paid upon a claim duly made to any heir at law. In the absence of any such claim within two years of the filing of the claim, the amount of the claim shall escheat to the state. When a person who would otherwise be entitled to file a claim under the provisions of this act dies prior to filing such claim, another member of such person's household may file such claim in the name of such decedent, subject to the deadline prescribed by section 5, and amendments thereto, and the director shall pay the amount to which the decedent would have been entitled to such person filing the claim. If the decedent was the only member of such person's household, the decedent's executor or administrator may file such claim in the name of the decedent, and the claim shall be paid to the executor or administrator. In the event that neither an executor or administrator is appointed and qualified, such claim may be made by any heir at law and the claim shall be payable to such heir at law. Any of the foregoing provisions shall be applicable in any case where the decedent dies in the calendar year preceding the year in which a claim may be made under the provisions of this act, if such decedent was a resident of or domiciled in this state during the entire part of such year that such decedent was living. Where the decedent's death occurs during the calendar year preceding the year in which a claim may be made, the amount of the claim that would have been allowable if the decedent had been a resident of or domiciled in this state the entire calendar year of such person's death shall be reduced in a proportionate amount equal to a fraction of the claim otherwise allowable, the numerator of which fraction is the number of months in such calendar year following the month of the decedent's death, and the denominator of which is 12.

New Sec. 4. A claimant may claim property tax relief under this act with respect to property taxes accrued and, after audit by the director of taxation with respect to this act, the allowable amount of such claim shall be paid, except as otherwise provided in sections 6, 15 and 17, and amendments thereto, to the claimant from the income tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director of taxation or by any person designated by the claimant, but no warrant issued shall be drawn in an amount of less than $5. No interest shall be allowed on any payment made to a claimant pursuant to this act.
New Sec. 5. Except as provided in section 14, and amendments thereto: (a) For tax year 2020, no claim shall be paid or allowed unless such claim is filed with and in the possession of the department of revenue on or before April 15, 2022; and (b) for tax year 2021, and all tax years thereafter, no claim in respect of property taxes levied in any year shall be paid or allowed unless such claim is filed with and in the possession of the department of revenue on or before April 15 of the year next succeeding the year in which such taxes were levied.

New Sec. 6. The amount of any claim otherwise payable under this act may be applied by the director of taxation against any liability outstanding on the books of the department of revenue against the claimant, or against any other individual who was a member of such person's household in the year that the claim relates.

New Sec. 7. Only one claimant per household per year shall be entitled to relief under this act.

New Sec. 8. (a) Commencing in tax year 2022, and all tax years thereafter, the amount of any claim pursuant to this act shall be computed by deducting the homestead ad valorem tax amount in the tax year the refund is sought from the amount of a claimant's base year homestead ad valorem tax amount.

(b) The amount of claim shall be computed only to the nearest $1.

(c) A taxpayer shall not be eligible for a claim pursuant to this act if such taxpayer has received for such property for such tax year either: (1) A homestead property tax refund pursuant to K.S.A. 79-4501 et seq., and amendments thereto; or (2) the selective assistance for effective senior relief (SAFESR) credit pursuant to K.S.A. 79-32,263, and amendments thereto.

(d) The maximum amount of a claim that may be claimed by a claimant in any one tax year pursuant to this act shall be $2,500.

New Sec. 9. (a) In administering this act, the director of taxation shall make available suitable forms with instructions for claimants. Copies of such forms shall also be made available to all county clerks and county treasurers in sufficient numbers to supply claimants residing in their respective counties. It shall be the duty of the county clerk to assist any claimant seeking assistance in the filing of a claim under the provisions of this act. The county treasurer of each county shall mail to each taxpayer, with the property tax statement of such taxpayer, information on eligibility for relief under this act to be provided by the secretary of revenue.

(b) The secretary of revenue is hereby authorized to adopt such rules and regulations as may be necessary for the administration of the provisions of this act.

New Sec. 10. (a) Every claimant under this act shall supply to the director of taxation, in support of a claim, reasonable proof of age and
changes of homestead, household membership, household income, household assets and size and nature of property claimed as the homestead.

(b) Every claimant who is a homestead owner, or whose claim is based wholly or partly upon homestead ownership at some time during the calendar year, shall supply to the director of taxation, in support of a claim, the amount of property taxes levied upon the property claimed as a homestead and a statement that the property taxes accrued used for purposes of this act have been or will be paid by the claimant. Upon request by the director, such claimant shall provide a copy of the statement of property taxes levied upon the property claimed as a homestead. The amount of personal property taxes levied on a manufactured home or mobile home shall be set out on the personal property tax statement showing the amount of such tax as a separate item.

(c) The information required to be furnished under subsection (b) shall be in addition to that required under subsection (a).

New Sec. 11. In any case in which it is determined that a claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full, and, if the claim has been paid, the amount paid may be recovered by assessment as income taxes are assessed, and such assessment shall bear interest from the date of payment or credit of the claim, until recovered, at the rate of 1% per month. The claimant in such case and any person who assisted in the preparation or filing of such excessive claim, or supplied information upon which such excessive claim was prepared, with fraudulent intent, shall be guilty of a class B misdemeanor. In any case in which it is determined that a claim is or was excessive and was negligently prepared, 10% of the corrected claim shall be disallowed, and, if the claim has been paid, the proper portion of any amount paid shall be similarly recovered by assessment as income taxes are assessed, and such assessment shall bear interest at the rate of 1% per month from the date of payment until recovered. In any case in which it is determined that a claim is or was excessive due to the fact that the claimant neglected to include certain income received during the year, the claim shall be corrected and the excess disallowed, and, if the claim has been paid, the proper portion of any amount paid shall be similarly recovered by assessment as income taxes are assessed.

New Sec. 12. No claim for relief under the provisions of this act shall be allowed to any claimant who is a recipient of public funds specifically designated for the payment of taxes during the period for which the claim is filed.

New Sec. 13. A claim shall be disallowed if the director of taxation finds that the claimant received title to such person's homestead primarily for the purpose of receiving benefits under this act.
New Sec. 14. For claims in respect to property taxes levied in any year, the director of taxation may extend the time for filing any claim or accept a claim filed after the filing deadline when good cause exists, if the claim has been filed within four years of the deadline.

New Sec. 15. (a) The director of taxation shall issue to the county clerk by October 1 of each year an electronic record containing the name of each eligible claimant who received a refund of property taxes under this act for the prior year.

(b) When initially filing a claim under this act, the claimant shall be given an election to receive such refund directly from the director of taxation or have such refund applied to the claimant's ad valorem taxes in the county. The claimant shall make the election on a form supplied by the director of taxation. Such refund shall not be applied to any special assessment.

(c) After the electronic record under subsection (a) has been received from the director of taxation, the county clerk of the county in which the property is located shall make any corrections needed, if any, based upon information known by the county clerk concerning any change in eligibility of any claimant listed in such record. After any needed corrections have been made to the electronic record, the county clerk, on behalf of each claimant listed in such record, shall certify the information contained in such record to the county treasurer in lieu of paying that portion of the first half of taxes on the claimant's homestead in the current year, which equals the amount of the golden years homestead property tax freeze refund received by the claimant for taxes levied in the preceding year up to the amount of the first half of the property taxes due.

(d) The county treasurer shall certify and return the electronic record referred to in subsection (a), including any changes made by the county clerk pursuant to subsection (c), to the director of taxation by December 31 of each year. After receiving a claim of any claimant who is listed in the electronic record submitted by the county treasurer, the director shall examine the same, and, if the claim is valid, the director of accounts and reports shall draw a warrant in favor of the county in which the claimant's homestead is located upon a voucher approved by the director of taxation in the amount of the allowable claim for refund. Sufficient information to identify the claimant shall be directed to the county treasurer with each warrant. Any taxes levied in any year on the homestead of any claimant who has obtained the eligibility herein provided for in excess of the amount paid to the county by the state and by the claimant on or before December 20 of such year shall be paid by the claimant on or before May 10 of the succeeding year.

(e) For the purposes of this section, "electronic record" means the same as defined in K.S.A. 16-1602, and amendments thereto.
New Sec. 16. A claimant shall only be eligible for a claim for refund under this act if: (a) The household income for the year in which the claim is filed is $75,000 or less; and (b) the appraised value of the homestead for the base year is $485,000 or less. In the case of all tax years commencing after December 31, 2020, 2022, the upper limit household income threshold amount prescribed in this subsection shall be increased by an amount equal to such threshold amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) of the federal internal revenue code for the calendar year in which the taxable year commences.

New Sec. 17. If there are delinquent property taxes on the claimant's homestead, the refund shall be paid to the county treasurer of the county in which such homestead is located and applied first to the oldest of such delinquent property taxes and applied forward to the most recent delinquent property taxes and then to any other property taxes due on the claimant's homestead.

New Sec. 18. K.S.A. 79-4501 through 79-4531 and 79-32,263, and amendments thereto, and sections 1 through 18, and amendments thereto, shall be collectively known and may be cited as the golden years homestead property tax freeze program.

Sec. 19. K.S.A. 79-32,143 is hereby amended to read as follows: 79-32,143. (a) (1) (A) For net operating losses incurred in taxable years beginning after December 31, 1987, prior to January 1, 2018, a net operating loss deduction shall be allowed in the same manner that it is allowed under the federal internal revenue code, except that such net operating loss may only be carried forward to each of the 10 taxable years following the taxable year of the net operating loss.

(B) For net operating losses incurred in taxable years beginning after December 31, 2017, a net operating loss deduction shall be allowed in the same manner that it is allowed under the federal internal revenue code, except that such net operating loss deduction may only be carried forward.

(2) For net operating farm losses, as defined by subsection (i) of section 172 of the federal internal revenue code, incurred in taxable years beginning after December 31, 1999, a net operating loss deduction shall be allowed in the same manner that it is allowed under the federal internal revenue code except that such net operating loss may be carried forward to each of the 10 taxable years following the taxable year of the net operating loss.

(3) The amount of the net operating loss that may be carried back or forward for Kansas income tax purposes shall be that portion of the federal net operating loss allocated to Kansas under this act in the taxable year that the net operating loss is sustained.

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

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

(d) If any portion of a net operating loss described in subsections (a) and (b) is not utilized prior to the final year of the carryforward period provided in subsection (a), a refund shall be allowable in such final year in an amount equal to the refund which would have been allowable in the taxable year the loss was incurred by utilizing the three year carryback provided under K.S.A. 79-32,143, as in effect on December 31, 1987, multiplied by a fraction, the numerator of which is the unused portion of such net operating loss in the final year, and the denominator of which is the amount of such net operating loss which could have been carried back to the three years immediately preceding the year in which the loss was incurred. In no event may such fraction exceed one.

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

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

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

New Sec. 19. (a) Sections 19 through 24, and amendments thereto, shall be known and may be cited as the salt parity act.

(b) The legislature finds and declares that the deductibility of state
income taxes should be the same for C corporations, S corporations and partnerships.

(c) The provisions of this act shall be a part of and supplemental to the Kansas income tax act.

New Sec. 20. As used in sections 19 through 24, and amendments thereto, unless the context otherwise requires:

(a) "Act" means the provisions of sections 19 through 24, and amendments thereto.

(b) "C corporation" means a corporation other than an S corporation.

(c) "Electing pass-through entity" means, with respect to a taxable period, an S corporation or partnership that has made the election under section 21, and amendments thereto, with respect to the taxable period.

(d) "Electing pass-through entity owner" means, with respect to an S corporation, a shareholder of the S corporation and, with respect to a partnership, a partner in the partnership, except that a partner does not include a C corporation.

(e) "Income attributable to the state" means, with respect to an S corporation or partnership, the portion of the items of income, gain, loss or deduction of the S corporation or partnership apportioned or allocated to this state in accordance with the provisions of K.S.A. 79-3271 through 79-3293b, and amendments thereto.

(f) "Income not attributable to the state" means all items of income, gain, loss or deduction of an electing pass-through entity other than income attributable to the state.

(g) "S corporation" means a corporation having an election in effect under subchapter S of the federal internal revenue code.

(h) "Taxable period" means any taxable year or portion of a taxable year during which a corporation is an S corporation or a noncorporate entity is a partnership.

New Sec. 21. Notwithstanding K.S.A. 79-32,129 and 79-32,139, and amendments thereto, and except as provided in subsection (b), for taxable years commencing on or after January 1, 2022, an S corporation or partnership may annually elect to be subject to tax at the entity level for the taxable period. The S corporation or partnership shall make the election on the return filed by such S corporation or partnership under K.S.A. 79-3220 and 79-3221, and amendments thereto. The filing of such return shall be binding on all electing pass-through entity owners.

New Sec. 22. (a) With respect to any taxable period for which it has made the election under section 21, and amendments thereto, an electing pass-through entity shall be subject to a tax in an amount equal to 5.7% of the sum of each resident electing pass-through entity owner's distributive share of the electing pass-through entity's income and each
nonresident electing pass-through entity owner's distributive share of income attributable to the state, all as determined pursuant to K.S.A. 79-32,130, 79-32,131, 79-32,133 and 79-32,139, and amendments thereto.

(b) An electing pass-through entity shall be treated as a corporation under K.S.A. 79-32,101, and amendments thereto, with respect to the tax imposed under this act, except that K.S.A. 79-32,107, and amendments thereto, shall not apply during the first taxable period for which this act is applicable.

(c) Any credit allowed pursuant to article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, except K.S.A. 79-32,111(a), and amendments thereto, that is attributable to the activities of an electing pass-through entity in the taxable year shall be claimed by the entity and not passed through to or claimed by the electing pass-through entity owner only for taxable periods when the election is allowed and made by an electing pass-through entity under section 12, and amendments thereto. Notwithstanding any provision to the contrary in article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, any excess income tax credit, net operating loss or other modification may be carried forward on the electing pass-through entity's return but may only be utilized in a year in which the electing pass-through entity has made the election allowed in section 21, and amendments thereto, except that any limitation specified in the specific section for an income tax credit, the net operating loss or any other modification shall apply to the electing pass-through entity. If in a taxable period subsequent to a period in which an election under section 21, and amendments thereto, was made, an election under section 21, and amendments thereto, is not allowed or not made by an electing pass-through entity, any excess income tax credits may be transferred to the electing pass-through entity owners. Any excess income tax credits shall be available to each electing pass-through owner in the same proportion and manner as would have applied without the election under section 21, and amendments thereto, for the taxable period in which each respective income tax credit was generated. All other rights and obligations pertaining to the excess income tax credits shall be transferred to the electing pass-through entity owners.

(d) The provisions of article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, regarding the collection, administration and enforcement of tax shall be applicable to the tax due under this section, and notwithstanding the provisions of K.S.A. 79-32,129 and 79-32,139, and amendments thereto, an electing pass-through entity shall be a taxpayer.

New Sec. 23. (a) Notwithstanding K.S.A. 79-32,129 and 79-32,139, and amendments thereto, and as provided in K.S.A. 79-32,138(c)
(vii), and amendments thereto; electing pass-through entity owners shall not be liable for the tax under this act in their separate or individual capacities. Resident Electing pass-through entity owners subject to Kansas individual income tax shall be entitled to a credit against the tax imposed under section 21 [K.S.A. 79-32,110], and amendments thereto. The credit shall be equal to the electing pass-through entity owner's direct share of the tax imposed under section 21, and amendments thereto. Subsequent to the application of all other credits allowed, if any excess credit exists, such amount shall be refundable to the electing pass-through entity owner. The credit allowed to an electing pass-through entity owner under this subsection shall not exceed the direct share of pass-through entity tax reported by such pass-through entity.

(b) Notwithstanding the provisions of this act and K.S.A. 79-32,138(c)(vii), and amendments thereto, the basis in the hands of an electing pass-through entity owner in the interest in the partnership or the stock or indebtedness in the S corporation shall be determined as if the election under section 21, and amendments thereto, had not been made.

New Sec. 24. The secretary of revenue may adopt rules and regulations to require or permit an electing pass-through entity to make returns, set forth information or furnish copies of information as may be deemed necessary to carry out the provisions of this act. The secretary of revenue may adopt such other rules and regulations as may be deemed necessary or expedient in enforcing the provisions of this act.

{New Sec. 25. (a) For all tax years commencing after December 31, 2022, each Kansas state individual income tax return form shall contain a designation as follows:

Kansas Historic Site Fund. Check if you wish to donate, in addition to your tax liability, or designate from your refund, ___$1, ___$5, ___$10 or $____ to historic site number ____.

(b) For purposes of administration of this section, the director of taxation of the department of revenue shall assign a historic site number to all state-owned historic sites administered by the Kansas state historical society in order for a taxpayer to choose the historic site that will receive the donation. The instructions accompanying the individual income tax return shall include a brief description of all state-owned historic sites administered by the Kansas state historical society and identify each historic site number assigned for purposes of a contribution pursuant to this section.

(c) The director of taxation of the department of revenue shall determine annually the total amount designated for contribution to the Kansas historic site fund pursuant to subsection (a) and shall report such amount to the state treasurer, who shall credit the entire amount
thereof to the Kansas historic site fund. Such fund is hereby established in the state treasury and shall be administered by the department of revenue. In the case where donations are made pursuant to subsection (a), the director shall remit the entire amount thereof to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the Kansas historic site fund. All moneys deposited in such fund shall be distributed to the historic sites in accordance with the selections of taxpayers and shall be used for the purpose of the operation, maintenance and preservation of such sites. All expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of revenue or the secretary's designee.

Sec. 25. K.S.A. 79-3220 is hereby amended to read as follows:

79-3220. (a) (1) Each individual required to file a federal income tax return and any other individual whose gross income exceeds the sum of such individual's applicable Kansas standard deduction amount and Kansas personal exemption amount shall each make and sign a return or statement stating specifically such items as are required by the forms and rules and regulations of the secretary of revenue. If any individual is unable to make a return, the return shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer. Notwithstanding any provision of the Kansas income tax act to the contrary, all individuals not required to file a Kansas income tax return hereunder shall not be liable for any tax imposed pursuant to such act.

(2) In accordance with the provisions of K.S.A. 75-5151a, and amendments thereto, an individual who is required to file a return may file such return by electronic means in a manner approved by the secretary of revenue. A paid preparer who prepares 50 or more returns per year shall file by electronic means not less than 90% of such returns eligible for electronic filing. The requirements of this subsection may be waived by the secretary of revenue for a paid preparer if the paid preparer demonstrates a hardship in complying with the requirements of this subsection.

(3) For purposes of this subsection, a nonresident individual or fiduciary whose only source of income from this state is income from an electing pass-through entity under the salt parity act shall not be required to file a return.

(b) Every corporation subject to taxation under this act, including, but not limited to, all farmers, fruit growers, or like associations
organized and operated on a cooperative basis, except electric cooperative exclusively engaged in the manufacture or distribution of electric power for their members, shall make a return, or statement stating specifically such items as may be required by the forms and regulations of the secretary of revenue. The return shall be signed by the president, vice-president, treasurer, assistant treasurer, chief accounting officer, or any other officer so authorized to act. The fact that an individual's name is signed on a return shall be prima facie evidence that such individual is authorized to sign such return on behalf of such corporation. In cases where receivers, trustees in bankruptcy or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns shall be collected in the same manner as if collected from the corporation for which the return is made.

(c) Every fiduciary, except a receiver appointed by authority of law in possession of part only of the property of an individual shall make and sign a return for each of the individuals, estates, or trusts for which the fiduciary acts, when such returns are required by the provisions of this act, stating specifically such items as may be required by the forms and regulations of the secretary of revenue. In the case of joint fiduciaries, whether residents or nonresidents, a return may be made by any one and shall be sufficient compliance with the above requirements. Any fiduciary required to make a return under this act shall be subject to all of the provisions of law which apply to individuals.

(d) Every partnership shall make a return for each taxable year, stating specifically such items as may be required by the forms and regulations of the secretary of revenue. The returns shall be signed by any one of the partners.

Sec. 26. K.S.A. 79-32,111 is hereby amended to read as follows: 79-32,111. (a) The amount of income tax paid to another state by a resident individual, resident estate or resident trust on income derived from sources in another state, and included in Kansas adjusted gross income, shall be allowed as a credit against the tax computed under the provisions of this act. Such credit shall not be greater in proportion to the tax computed under this act than the Kansas adjusted gross income for such year derived in another state while such taxpayer is a resident of this state is to the total Kansas adjusted gross income of the taxpayer. As used in this subsection, "state" shall have the meaning ascribed thereto means the same as defined by subsection (h) of K.S.A. 79-3271(i), and amendments thereto. The credit allowable hereunder for income tax paid to a foreign country or political subdivision thereof
shall not exceed the difference of such income tax paid less the credit
allowable for such income tax paid by the federal internal revenue code.

No redetermination of income tax paid for the purposes of determining
the credit allowed by this subsection shall be required for the taxable
year for which an income tax refund payment pursuant to the provisions
of section 18 of article 10 of the Missouri constitution is made, but the
income tax paid allowable for credit in the next following taxable year
shall be reduced by the amount of such refund amount, except that, for
tax year 1998, the income tax paid allowable for credit shall be reduced
by the amount of such refunds made for all taxable years prior to tax
year 1998.

(b) There shall be allowed as a credit against the tax computed
under the provisions of the Kansas income tax act, and amendments
thereto, on the Kansas taxable income of an individual, corporation or
fiduciary the amount determined under the provisions of K.S.A. 79-
32,153 to 79-32,158, and amendments thereto.

(c) For purposes of subsection (a), the amount of income tax paid to
another state by an S corporation or partnership that is included in
Kansas adjusted gross income of a resident individual, resident estate or
resident trust who is a member, shareholder or partner of such S
corporation or partnership shall be considered income tax paid to another
state by such resident individual, resident estate or resident trust.

Sec. {28.} K.S.A. 2021 Supp. 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-

(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. 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. 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. 72-4357, and amendments thereto, and is also claimed as an itemized deduction for federal income tax purposes.

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

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

(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. § 280C. For taxable years ending after December 31, 1978, the amount of the targeted jobs tax credit and work incentive credit, work opportunity tax credit and similar disallowances under 26 U.S.C. § 280C. {For taxable years beginning after December 31, 2019, the provisions of this paragraph shall also apply to the employee retention credit.}

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

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

(xxv)(xxvii) For all taxable years commencing after December 31,
2020, the amount disallowed as a deduction pursuant to section 163(j) of
the federal internal revenue code of 1986, as in effect on January 1,
2018.

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

(xxix) For taxable years beginning after December 31, 2017, for an
individual taxpayer who carried back federal net operating losses arising
in a taxable year beginning after December 31, 2017, and before January
1, 2021, pursuant to section 172(b)(1) of the federal internal revenue code
as amended by the coronavirus aid, relief, and economic security act
(CARES act), the amount of such federal net operating loss carryback for
each applicable year. If the amount of such federal net operating loss carryback exceeds the taxpayer's Kansas adjusted gross income for such taxable year, the amount thereof that exceeds such Kansas adjusted gross income may be carried forward as a subtraction modification in the following taxable year or years until the total amount of such federal net operating loss carryback has been deducted, except that no such unused amount shall be carried forward for deduction as a subtraction modification after the 20th taxable year following the taxable year of the net operating loss.

(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.

Sec. 28. (29.) K.S.A. 2021 Supp. 79-32,119 is hereby amended to read as follows: 79-32,119. (a) The Kansas standard deduction of an individual, including a husband and wife who are either both residents or who file a joint return as if both were residents, shall be equal to the sum of the standard deduction amount allowed pursuant to this section, and the additional standard deduction amount allowed pursuant to this section for each such deduction allowable to such individual or to such husband and wife under the federal internal revenue code.

(b) For tax year 1998, and all tax years thereafter, the additional standard deduction amount shall be as follows: Single individual and head of household filing status, $850; and married filing status, $700.

(c) (1) For tax year 2013 through tax year 2020, the standard deduction amount of an individual, including husband and wife who are either both residents or who file a joint return as if both were residents, shall be as follows: Single individual filing status, $3,000; married filing status, $7,500; and head of household filing status, $5,500.

(2) For tax years 2021 and 2022, and all tax years thereafter, the standard deduction amount of an individual, including husband and wife who are either both residents or who file a joint return as if both were residents, shall be as follows: Single individual filing status, $3,500; married filing status, $8,000; and head of household filing
status, $6,000.

(3) For tax year 2023, and all tax years thereafter, the standard
deduction amount of an individual, including husband and wife who are
either both residents or who file a joint return as if both were residents,
shall be as follows: Single individual filing status, $3,850; married filing
status, $8,800; and head of household filing status, $6,600.

(d) For purposes of this section, the federal standard deduction
allowable to a husband and wife filing separate Kansas income tax
returns shall be determined on the basis that separate federal returns
were filed, and the federal standard deduction of a husband and wife
filing a joint Kansas income tax return shall be determined on the basis
that a joint federal income tax return was filed.

Sec. 29. K.S.A. 2021 Supp. 79-32,138 is hereby amended to
read as follows: 79-32,138. (a) Kansas taxable income of a corporation
taxable under this act shall be the corporation's federal taxable income
for the taxable year with the modifications specified in this section,
except that in determination of such federal taxable income for all
taxable years commencing after December 31, 2020, section 118 of the
federal internal revenue code of 1986 shall be applied as in effect on
December 21, 2017.

(b) There shall be added to federal taxable income:

(i) The same modifications as are set forth in K.S.A. 79-32,117(b),
and amendments thereto, with respect to resident individuals, except
subsections (b)(xix), (b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii);

(ii) the amount of all depreciation deductions claimed for any
property upon which the deduction allowed by K.S.A. 79-32,221, 79-
32,256, and amendments thereto, is claimed;

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

(iv) for taxable years commencing 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. 40-2,190, and amendments
thereeto;

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

(vi) the federal net operating loss deduction; and

(vii) for all taxable years commencing after December 31, 2020, the amount of any deduction claimed under section 250(a)(1)(B) of the federal internal revenue code of 1986; and

(viii) for taxable years commencing after December 31, 2021, an amount equal to the electing pass-through entity owner's distributive share of the electing pass-through entity's losses attributable to the state that are taxed pursuant to the provisions of the salt parity act.

(c) There shall be subtracted from federal taxable income:

(i) The same modifications as are set forth in K.S.A. 79-32,117(c), and amendments thereto, with respect to resident individuals, except subsection (c)(xx):

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


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

(v) 80% of dividends from corporations incorporated outside of the United States or the District of Columbia which are included in federal taxable income. As used in this paragraph, "dividends" includes amounts included in income under section 965 of the federal internal revenue code of 1986, net of the deduction permitted by section 965(c) of the federal internal revenue code of 1986. For all taxable years commencing after December 31, 2020, this paragraph does not apply to amounts excluded from income pursuant to K.S.A. 79-32,117(c)(xxvi), and amendments thereto, or amounts added back pursuant to (xxvi).
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K.S.A. 79-32,138(b)(vii), and amendments thereto; and {and}

(vi) for all taxable years commencing after December 31, 2020, the
amount disallowed as a deduction pursuant to section 162(r) of the
federal internal revenue code of 1986, as in effect on January 1, 2018;
and
(vii) for taxable years commencing after December 31, 2021, an
amount equal to the electing pass-through entity owner's distributive share
of the electing pass-through entity's income attributable to the state that is
taxed pursuant to the provisions of the salt parity act.

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

(e) A corporation may make an election with respect to its first
taxable year commencing after December 31, 1982, whereby no addition
modifications as provided for in subsection (b)(ii) and subtraction
modifications as provided for in subsection (c)(iii) as those subsections
existed prior to their amendment by this act, shall be required to be made
for such taxable year.

Sec. 30. K.S.A. 2021 Supp. 79-32,143 is hereby amended to
read as follows: 79-32,143. (a) (1) (A) For net operating losses incurred
in taxable years prior to January 1, 2018, a net operating loss deduction
shall be allowed in the same manner that it is allowed under the federal
internal revenue code, except that such net operating loss may only be
carried forward to each of the 10 taxable years following the taxable
year of the net operating loss.

(B) For net operating losses incurred in taxable years beginning
after December 31, 2017, a net operating loss deduction shall be allowed
in the same manner that it is allowed under the federal internal revenue
code, except that such net operating loss deduction may only be carried
forward.

(2) For net operating farm losses, as defined by section 172 of the
federal internal revenue code, incurred in taxable years beginning after
December 31, 1999, a net operating loss deduction shall be allowed in
the same manner that it is allowed under the federal internal revenue
code except that such net operating loss may be carried forward to each of the 10 taxable years following the taxable year of the net operating loss.

(3) The amount of the net operating loss that may be carried back or forward for Kansas income tax purposes shall be that portion of the federal net operating loss allocated to Kansas under this act in the taxable year that the net operating loss is sustained.

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

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

(d) If any portion of a net operating loss described in subsections (a) and (b) is not utilized prior to the final year of the carryforward period provided in subsection (a), a refund shall be allowable in such final year in an amount equal to the refund which would have been allowable in the taxable year the loss was incurred by utilizing the three year carryback provided under K.S.A. 79-32,143, as in effect on December 31, 1987, multiplied by a fraction, the numerator of which is the unused portion of such net operating loss in the final year, and the denominator of which is the amount of such net operating loss that could have been carried back to the three years immediately preceding the year in which the loss was incurred. In no event may such fraction exceed one.

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

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

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

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

{Sec. 32. K.S.A. 79-32,261 is hereby amended to read as follows:

79-32,261. (a) (1) On and after July 1, 2008, any taxpayer who contributes in the manner prescribed by this section paragraph to a community college located in Kansas for capital improvements, to a technical college for deferred maintenance or the purchase of technology or equipment or to a postsecondary educational institution located in Kansas for deferred maintenance, shall be allowed a credit against the tax imposed by the Kansas income tax act, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto. The tax credit allowed by this section paragraph is applicable for the tax year 2008 for any contributions made on and after July 1, 2008, and for the tax years 2009, 2010, 2011 and 2012 for any contributions made during the entire tax year. The amount of the credit allowed by this section paragraph shall not exceed 60% of the total amount contributed during the taxable year by the taxpayer to a community college or a technical college located in Kansas for such purposes. The amount of the credit allowed by this section paragraph shall not exceed 50% of the total amount contributed during the taxable year by the taxpayer to a postsecondary educational institution for such purposes. If the amount of the credit allowed by this section paragraph for a taxpayer who contributes to a community college or a technical college exceeds the taxpayer's income tax liability imposed by the Kansas income tax act, such excess amount shall be refunded to the taxpayer. If the amount of the tax credit for a taxpayer who contributes to a postsecondary educational institution
exceeds the taxpayer's income tax liability for the taxable year, the
amount which exceeds the tax liability may be carried over for deduction
from the taxpayer's income tax liability in the next succeeding taxable
year or years until the total amount of the tax credit has been deducted
from tax liability, except that no such tax credit shall be carried over for
deduction after the third taxable year succeeding the taxable year in
which the contribution is made. Prior to the issuance of any tax credits
pursuant to this section paragraph, the structure of the process in which
contributions received by a community college, a technical college or a
postsecondary educational institution qualify as tax credits allowed and
issued pursuant to this—section paragraph shall be developed by a
community college, a technical college and a postsecondary educational
institution in consultation with the secretary of revenue and the
foundation or endowment association of any such community college,
technical college or postsecondary educational institution in a manner
that complies with requirements specified in the federal internal revenue
code of 1986, as amended, so that contributions qualify as charitable
contributions allowable as deductions from federal adjusted gross
income.

(2) On and after July 1, 2022, any taxpayer who contributes in the
manner prescribed by this paragraph to a community college or technical
college located in Kansas for capital improvements, deferred maintenance
or the purchase of technology or equipment shall be allowed a credit
against the tax imposed by the Kansas income tax act, the premium tax or
privilege fees imposed pursuant to K.S.A. 40-252, and amendments
thereto, or the privilege tax as measured by net income of financial
institutions imposed pursuant to article 11 of chapter 79 of the Kansas
Statutes Annotated, and amendments thereto. The tax credit allowed by
this paragraph is applicable for the tax year 2022 for any contributions
made on and after July 1, 2022, and for the tax years 2023, 2024, 2025
and 2026 for any contributions made during the entire tax year. The
amount of the credit allowed by this paragraph shall equal 60% of the
total amount contributed during the taxable year by the taxpayer to a
community college or a technical college located in Kansas for such
purposes. If the amount of the credit allowed by this paragraph for a
taxpayer who contributes to a community college or technical college
exceeds the taxpayer's income tax liability imposed by the Kansas income
tax act, such excess amount shall not be refunded to the taxpayer. Prior to
the issuance of any tax credits pursuant to this paragraph, the structure of
the process in which contributions received by a community college or
technical college qualify as tax credits allowed and issued pursuant to this
paragraph shall be developed by a community college and technical
college in consultation with the secretary of revenue and the foundation or
endowment association of any such community college or technical college in a manner that complies with requirements specified in the federal internal revenue code of 1986, as amended, so that contributions qualify as charitable contributions allowable as deductions from federal adjusted gross income.

(b) (1) Upon receipt of any such contributions to a community college made pursuant to the provisions of this section subsection (a)(1), the treasurer of the community college shall deposit such contributions to the credit of the capital outlay fund of such community college established as provided by K.S.A. 71-501a, and amendments thereto. Expenditures from such fund shall be made for the purposes described in subsection (a) of K.S.A. 71-501(a), and amendments thereto, except that expenditures shall not be made from such fund for new construction or the acquisition of real property for use as building sites or for educational programs.

(2) Upon receipt of any such contributions to a technical college made pursuant to the provisions of this section subsection (a)(1), such contributions shall be deposited to the credit of a deferred maintenance fund or a technology and equipment fund established by the technical college which received the contribution. Expenditures from such fund shall be made only for the purpose as provided in this subsection (b)(1).

(3) Upon receipt of any such contributions to a postsecondary educational institution made pursuant to the provisions of this section subsection (a)(1), such contributions shall be deposited to the credit of the appropriate deferred maintenance support fund of the postsecondary educational institution—which that received the contribution. Expenditures from such fund shall be made only for the purposes designated for such fund pursuant to law.

(4) Upon receipt of any such contributions to a community college or technical college made pursuant to the provisions of subsection (a)(2), the treasurer of the community college or technical college shall deposit such contributions to the credit of the capital outlay fund of such community college or technical college established as provided by K.S.A. 71-501a, and amendments thereto. Expenditures from such fund shall be made for the purposes designated for such fund pursuant to law.

(c) (1) In no event shall the total amount of credits allowed under this section subsection (a)(1) for taxpayers who contribute to any one such community college or technical college exceed the following amounts: For the tax year 2008, an amount not to exceed $78,125; for the tax year 2009, an amount not to exceed $156,250; and for the tax years 2010, 2011 and 2012, an amount not to exceed $208,233.33.

(2) In no event shall the total of credits allowed under this section subsection (a)(1) for taxpayers who contribute to postsecondary
educational institutions exceed the following amounts: For the tax year
2008, an amount not to exceed $5,625,000; for the tax year 2009, an
amount not to exceed $11,250,000; and for the tax years 2010, 2011 and
2012, an amount not to exceed $15,000,000. Except as otherwise
provided, the allocation of such tax credits for each individual state
educational institution shall be determined by the state board of regents
in consultation with the secretary of revenue and the university
foundation or endowment association of each postsecondary educational
institution, and such determination shall be completed prior to the
issuance of any tax credits pursuant to this section subsection (a)(1). Not
more than 40% of the total of credits allowed under this section
subsection (a)(1) shall be allocated to any one postsecondary educational
institution unless all such postsecondary educational institutions
approve an allocation to any one such postsecondary educational
institution which exceeds 40% of the total of such credits allowed under
this section subsection (a)(1).

(3) For the tax years 2022 through 2026, the amount of such credit
awarded under subsection (a)(2) for each taxpayer shall not exceed
$500,000 per tax year.

(4) In no event shall the total of credits allowed under subsection (a)
(2) for contributions to any one community college or technical college
exceed $1,000,000 per tax year.

(5) In no event shall the total of credits allowed under subsection (a)
(2) exceed $7,000,000 for each tax year that the credit remains in effect.

(d) As used in this section: (1) "Community college" means a
community college established under the provisions of the community
college act;

(2) "deferred maintenance" means the maintenance, repair,
reconstruction or rehabilitation of a building located at a technical
college or a postsecondary educational institution which has been
deferred, any utility systems relating to such building, any life-safety
upgrades to such building and any improvements necessary to be made
to such building in order to comply with the requirements of the
Americans with disabilities act or other federal or state law, except that
for taxable years commencing after December 31, 2013, deferred
maintenance shall not include any maintenance, repair, reconstruction
or rehabilitation of any building in which any abortion, as defined in
K.S.A. 65-6701, and amendments thereto, is performed;

(3) "postsecondary educational institution" means the university of
Kansas, Kansas state university of agriculture and applied science,
Wichita state university, Emporia state university, Pittsburg state
university, Fort Hays state university and Washburn university of
Topeka; and

(e) Any taxpayer not subject to Kansas income, privilege or premiums tax who contributes to a community college, technical college or postsecondary educational institution, hereinafter designated the transferor, may sell, assign, convey or otherwise transfer tax credits allowed and earned pursuant to this section. The sale price of a tax credit shall be at least 50% of the full value of the credit. Such credit shall be deemed to be allowed and earned by any such taxpayer which is only disqualified therefrom by reason of not being subject to such Kansas taxes. The taxpayer acquiring earned credits, hereinafter designated the transferee, may use the amount of the acquired credits to offset up to 100% of the taxpayer's income, privilege or premiums tax liability for the taxable year in which such acquisition was made. Such credits may be sold or transferred only one time and, if sold or transferred, shall be transferred in the tax year such credit is earned or the two successive tax years. A transferred credit shall be claimed in the year purchased. The transferor shall enter into a written agreement with the transferee establishing the terms and conditions of the sale or transfer and shall perfect such transfer by notifying the secretary of revenue in writing within 30 calendar days following the effective date of the transfer, subject to the review and approval or denial of such transfer by the secretary of revenue. The transferor and transferee shall provide any information pertaining to the sale or transfer as may be required by the secretary of revenue to administer and carry out the provisions of this section. The amount received by the transferor of such tax credit shall be taxable as income of the transferor, and the excess of the value of such credit over the amount paid by the transferee for such credit shall be taxable as income of the transferee.

(f) The secretary of revenue shall submit an annual report to the legislature to assist the legislature in the evaluation of the utilization of any credits claimed pursuant to this act, including information specific as to each community college, technical college or postsecondary educational institution. Such report shall be due on or before the first day of the legislative session following the tax year in which the credits were claimed.

(g) The secretary of revenue shall adopt rules and regulations necessary to administer the provisions of this section.

Sec. 21. This act shall take effect and be in force from and after its publication in the statute book.