AN ACT concerning economic development; relating to income and privilege tax incentives for employee savings accounts; establishing the Kansas employee emergency savings account (KEESA) program; providing an income and privilege tax credit for certain eligible employer deposits to employee savings accounts established under the program; providing a subtraction modification for certain employee deposits to savings accounts established under the program; amending K.S.A. 2021 Supp. 79-32,117 and repealing the existing section.

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

New Section 1. (a) The purposes of this act shall be to provide assistance to eligible employers with recruiting and retaining employees in a challenging labor market through incentives to contribute to employee emergency savings accounts, to encourage employees of eligible employers to save money for emergencies to increase financial security and avoid high-cost borrowing and to encourage financial literacy.

(b) There is hereby established the Kansas employee emergency savings account (KEESA) program for taxable years 2023 through 2025. Any eligible employer may participate in the Kansas employee emergency savings account program provided in this section by submitting an application to the secretary and complying with the requirements of this section. The application shall be prepared in such form and manner as required by the secretary and shall be submitted at a time to be determined and specified by the secretary. The secretary shall review applications and provide certifications of participation to each eligible employer who complies with the requirements of this section.

(c) The program shall provide for participating eligible employers to assist with the establishment of employee savings accounts that allow automatic deposits by means of payroll deductions from employees' paychecks and additional deposits by the employer. The program requires the following:

(1) Employees of participating eligible employers may elect to participate.

(2) The eligible employer shall make an initial deposit in an amount of at least $50 on behalf of a participating employee to establish such a savings account. The eligible employer may make additional deposits to
employees' savings accounts based on matching funds or other amounts as determined by the employer.

(3) Pursuant to a written authorization by a participating employee, the eligible employer shall withhold or deduct any portion of such employee's wages in the amount specified on the authorization form by a payroll deduction to be deposited into such employee's savings account established pursuant to this section and make deposits of such amounts to such employee's savings account. Any such written authorization may be withdrawn or modified by such employee upon providing written notice of withdrawal or modification to the eligible employer. No administrative fees or charges shall be assessed for costs incurred in making such deductions.

(4) The employee savings accounts shall be federally insured savings accounts established and maintained at a federally insured bank, savings bank, savings and loan association or credit union. The savings accounts shall offer online and mobile banking access.

(5) The owner or account holder of such savings account shall be the employee for whom the savings account was established. The eligible employer shall not attempt to restrict the use of any moneys in employees' savings accounts established pursuant to this section.

(6) The eligible employer shall offer a mobile application that notifies employees of payroll deposits and provides financial literacy tools and educational materials to learn about saving for emergencies, establishing savings goals and budgeting.

(7) On or before January 31 each year, the eligible employer shall provide to each participating employee notice of such employee's total deposits by means of payroll deductions made to such employee's savings account during the prior taxable year.

(d) Each participating eligible employer shall annually report to the secretary the following: (1) The number of employee savings accounts newly established during the preceding year; (2) the amounts of initial deposits made by the employer during the preceding year; (3) the number of participating employees during the preceding year; (4) the amounts of deposits by employees by means of payroll deduction during the preceding year; (5) the amounts of additional deposits made by the employer during the preceding year; and (6) any additional information as the secretary may require pursuant to this section.

(e) As used in this section:

(1) "Eligible employer" means any person, firm, corporation, partnership or association that is subject to income tax pursuant to the Kansas income tax act or privilege tax pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, and that employs not more than 250 employees;
"program" means the Kansas employee emergency savings account program provided in this section; and

"secretary" means the secretary of commerce.

The secretary of commerce may adopt rules and regulations necessary to administer the provisions of this section.

New Sec. 2. (a) For taxable years 2023 through 2025, there shall be allowed a credit against the tax liability of a taxpayer imposed under the Kansas income tax act or the privilege tax liability of a taxpayer imposed upon a national banking association, state bank, trust company or savings and loan association pursuant article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, in an amount equal to the sum of:

(1) 50% of initial deposits made during the taxable year by a taxpayer to employees' savings accounts established under the Kansas employee emergency savings account program pursuant to section 1, and amendments thereto; and

(2) 25% of additional deposits by matching funds or other amounts deposited as determined by the employer during the taxable year by a taxpayer to employees' savings accounts established under the Kansas employee emergency savings account program pursuant to section 1, and amendments thereto.

(b) For purposes of this section, the taxpayer shall be an eligible employer participating in the Kansas employee emergency savings account program pursuant to section 1, and amendments thereto. Amounts withheld or deducted by means of payroll deduction from employees' wages shall not be included as deposits of a taxpayer for purposes of this credit.

(c) The amount of credit allowed each taxable year pursuant to subsection (a)(1) shall not exceed $50 per employee savings account established during such taxable year. The amount of credit allowed each taxable year pursuant to subsection (a)(2) shall not exceed $325 per employee participating in the program during such taxable year.

(d) If the total amount of such tax credit exceeds the taxpayer's income or privilege tax liability for such taxable year, such excess amount may be carried forward for deduction from the taxpayer's income or privilege tax liability in the next succeeding year or years for up to two taxable years immediately following the taxable year for which the credits were allowed. The credit shall not be refundable. The credit shall not be transferable.

(e) The taxpayer shall provide to the secretary of revenue any information as may be required by the secretary to administer the provisions of this section.

(f) The provisions of this section shall be a part of and supplemental to the Kansas income tax act.
Sec. 3. 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.
(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
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.

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.

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.

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.

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.

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 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 disallowances under 26 U.S.C. § 280C.

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

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

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

(xiv) For all taxable years commencing after December 31, 1996, that portion of any income of a bank organized under the laws of this state or any other state, a national banking association organized under the laws of the United States, an association organized under the savings and loan code of this state or any other state, or a federal savings association organized under the laws of the United States, for which an election as an S corporation under subchapter S of the federal internal revenue code is in effect, which accrues to the taxpayer who is a stockholder of such corporation and which is not distributed to the stockholders as dividends of the corporation. For taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of modification under this subsection shall exclude the portion of income or loss reported on schedule E and included on line 17 of the taxpayer's form 1040 federal individual income tax return.
(xv) For all taxable years beginning after December 31, 2017, the cumulative amounts not exceeding $3,000, or $6,000 for a married couple filing a joint return, for each designated beneficiary that are contributed to: (1) A family postsecondary education savings account established under the Kansas postsecondary education savings program or a qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended, for the purpose of paying the qualified higher education expenses of a designated beneficiary; or (2) an achieving a better life experience (ABLE) account established under the Kansas ABLE savings program or a qualified ABLE program established and maintained by another state or agency or instrumentality thereof pursuant to section 529A of the internal revenue code of 1986, as amended, for the purpose of saving private funds to support an individual with a disability. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and amendments thereto, and the provisions of such sections are hereby incorporated by reference for all purposes thereof.

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

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

(xviii) For the taxable year beginning after December 31, 2006, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of $50,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly; and for all taxable years beginning after December 31, 2007, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal
adjusted gross income of $75,000 or less, whether such taxpayer's filing
status is single, head of household, married filing separate or married filing
jointly.
   (xix) Amounts received by retired employees of Washburn university
as retirement and pension benefits under the university's retirement plan.
   (xx) For taxable years beginning after December 31, 2012, and
ending before January 1, 2017, the amount of any: (1) Net profit from
business as determined under the federal internal revenue code and
reported from schedule C and on line 12 of the taxpayer's form 1040
federal individual income tax return; (2) net income, not including
guaranteed payments as defined in section 707(c) of the federal internal
revenue code and as reported to the taxpayer from federal schedule K-1,
(form 1065-B), in box 9, code F or as reported to the taxpayer from federal
schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
partnerships, S corporations, estates, trusts, residual interest in real estate
mortgage investment conduits and net farm rental as determined under the
federal internal revenue code and reported from schedule E and on line 17
of the taxpayer's form 1040 federal individual income tax return; and (3)
net farm profit as determined under the federal internal revenue code and
reported from schedule F and on line 18 of the taxpayer's form 1040
federal income tax return; all to the extent included in the taxpayer's
federal adjusted gross income. For purposes of this subsection, references
to the federal form 1040 and federal schedule C, schedule E, and schedule
F, shall be to such form and schedules as they existed for tax year 2011
and as revised thereafter by the internal revenue service.
   (xxi) For all taxable years beginning after December 31, 2013,
amounts equal to the unreimbursed travel, lodging and medical
expenditures directly incurred by a taxpayer while living, or a dependent
of the taxpayer while living, for the donation of one or more human organs
of the taxpayer, or a dependent of the taxpayer, to another person for
human organ transplantation. The expenses may be claimed as a
subtraction modification provided for in this section to the extent the
expenses are not already subtracted from the taxpayer's federal adjusted
gross income. In no circumstances shall the subtraction modification
provided for in this section for any individual, or a dependent, exceed
$5,000. As used in this section, "human organ" means all or part of a liver,
pancreas, kidney, intestine, lung or bone marrow. The provisions of this
paragraph shall take effect on the day the secretary of revenue certifies to
the director of the budget that the cost for the department of revenue of
modifications to the automated tax system for the purpose of
implementing this paragraph will not exceed $20,000.
   (xxii) For taxable years beginning after December 31, 2012, and
ending before January 1, 2017, the amount of net gain from the sale of: (1)
Cattle and horses, regardless of age, held by the taxpayer for draft, breeding, dairy or sporting purposes, and held by such taxpayer for 24 months or more from the date of acquisition; and (2) other livestock, regardless of age, held by the taxpayer for draft, breeding, dairy or sporting purposes, and held by such taxpayer for 12 months or more from the date of acquisition. The subtraction from federal adjusted gross income shall be limited to the amount of the additions recognized under the provisions of subsection (b)(xix) attributable to the business in which the livestock sold had been used. As used in this paragraph, the term "livestock" shall not include poultry.

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

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

(xxv) For 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.

(xxvi) 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.

(xxvii) 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.

(xxviii) For taxable years 2023 through 2025, the cumulative amounts not exceeding $1,500, or $3,000 for a married couple filing a joint return, deposited by a taxpayer during the taxable year by means of payroll deduction from such taxpayer's wages to such taxpayer's employee savings account established under the Kansas employee emergency savings account program pursuant to section 1, and amendments thereto.

(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. 4. K.S.A. 2021 Supp. 79-32,117 is hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its
publication in the statute book.