

HOUSE BILL No. 2197

By Committee on Financial Institutions and Pensions

1-26

Proposed amendment to HB 2197
House Committee on Financial Institutions and Pensions
2/6/2023
Prepared by Office of Revisor of Statutes

1 AN ACT concerning financial institutions; relating to the first-time home
2 buyer savings account act; providing a procedure for the distribution of
3 the account balance upon the death of an account holder; changing the
4 term "transfer on death" to "payable on death" regarding beneficiaries;
5 resolving a conflict when beneficiaries differ on a financial institution's
6 account records and on first-time home buyer savings account tax
7 forms required by the secretary of revenue; amending K.S.A. 2022
8 Supp. 58-4903, 58-4904, 58-4906 and 79-32,117 and repealing the
9 existing sections.
10

authorizing the state treasurer to market the first-time home
buyer savings account program to account holders and
financial institutions;

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

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

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

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

New Section 1. (a) The state treasurer may have non-
exclusive authority to market the first-time home buyer
savings account program to account holders and financial
institutions throughout the state, and may report on the
marketing initiatives in the state treasurer's office annual
report.
(b) This section shall be a part of and supplemental to the
first-time home buyer savings account act.

Renumber sections
accordingly

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (c) Moneys that are subject to recapture shall be an amount equal to
8 the moneys withdrawn from an account and shall be added to the Kansas
9 adjusted gross income pursuant to K.S.A. 79-32,117(b)(xxvii), and
10 amendments thereto, of the account holder or, if the account holder is no
11 longer living, the designated beneficiary. If any moneys are subject to
12 recapture, the account holder shall pay a penalty in the following amounts:

13 (1) If the withdrawal of moneys occurred 10 or less years after the first
14 deposit in the account, 5% of the amount subject to recapture; and (2) if
15 the withdrawal of moneys occurred more than 10 years after the first
16 deposit in the account, 10% of the amount subject to recapture.

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

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

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

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

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

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

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

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

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

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

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

10 Sec. 4. K.S.A. 2022 Supp. 79-32,117 is hereby amended to read as
11 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
12 means such individual's federal adjusted gross income for the taxable year,
13 with the modifications specified in this section.

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

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

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

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

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

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

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

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

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

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

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

31 (x) Amounts received as nonqualified withdrawals, as defined by
32 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
33 family postsecondary education savings account, such amounts were
34 subtracted from the federal adjusted gross income pursuant to ~~K.S.A. 79-
35 32,177(e)(xxv), and amendments thereto~~, *subsection (c)(xv)* or if such
36 amounts are not already included in the federal adjusted gross income.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1 purposes.
- 2 (xxv) For taxable years commencing after December 31, 2013, that
- 3 portion of the amount of any expenditure deduction claimed in
- 4 determining federal adjusted gross income for expenses paid by a taxpayer
- 5 for health care when such expenses were paid or incurred for abortion
- 6 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
- 7 amendments thereto, when such expenses were paid or incurred for
- 8 abortion coverage or amounts contributed to health savings accounts for
- 9 such taxpayer's employees for the purchase of an optional rider for
- 10 coverage of abortion in accordance with K.S.A. 40-2,190, and
- 11 amendments thereto, to the extent that such taxes and assessments are
- 12 claimed as a deduction for federal income tax purposes.
- 13 (xxvi) For all taxable years beginning after December 31, 2016, the
- 14 amount of any charitable contribution made to the extent the same is
- 15 claimed as the basis for the credit allowed pursuant to K.S.A. 72-4357, and
- 16 amendments thereto, and is also claimed as an itemized deduction for
- 17 federal income tax purposes.
- 18 (xxvii) For all taxable years commencing after December 31, 2020,
- 19 the amount deducted by reason of a carryforward of disallowed business
- 20 interest pursuant to section 163(j) of the federal internal revenue code of
- 21 1986, as in effect on January 1, 2018.
- 22 (xxviii) For all taxable years beginning after December 31, 2021, the
- 23 amount of any contributions to, or earnings from, a first-time home buyer
- 24 savings account if distributions from the account were not used to pay for
- 25 expenses or transactions authorized pursuant to K.S.A. 2022 Supp. 58-
- 26 4904, and amendments thereto, or were not held for the minimum length
- 27 of time required pursuant to K.S.A. 2022 Supp. 58-4904, and amendments
- 28 thereto. Contributions to, or earnings from, such account shall also include
- 29 any amount resulting from the account holder not designating a surviving
- 30 ~~transfer payable~~ on death beneficiary pursuant to K.S.A. 2022 Supp. 58-
- 31 4904(e), and amendments thereto.
- 32 (c) There shall be subtracted from federal adjusted gross income:
- 33 (i) Interest or dividend income on obligations or securities of any
- 34 authority, commission or instrumentality of the United States and its
- 35 possessions less any related expenses directly incurred in the purchase of
- 36 such obligations or securities, to the extent included in federal adjusted
- 37 gross income but exempt from state income taxes under the laws of the
- 38 United States.
- 39 (ii) Any amounts received which are included in federal adjusted
- 40 gross income but which are specifically exempt from Kansas income
- 41 taxation under the laws of the state of Kansas.
- 42 (iii) The portion of any gain or loss from the sale or other disposition
- 43 of property having a higher adjusted basis for Kansas income tax purposes

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

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

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

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

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

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

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

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

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

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

1 and amendments thereto.

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

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

20 (xv) For all taxable years beginning after December 31, 2017, the
21 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
22 filing a joint return, for each designated beneficiary that are contributed to:

23 (1) A family postsecondary education savings account established under
24 the Kansas postsecondary education savings program or a qualified tuition
25 program established and maintained by another state or agency or
26 instrumentality thereof pursuant to section 529 of the internal revenue
27 code of 1986, as amended, for the purpose of paying the qualified higher
28 education expenses of a designated beneficiary; or (2) an achieving a
29 better life experience (ABLE) account established under the Kansas ABLE
30 savings program or a qualified ABLE program established and maintained
31 by another state or agency or instrumentality thereof pursuant to section
32 529A of the internal revenue code of 1986, as amended, for the purpose of
33 saving private funds to support an individual with a disability. The terms
34 and phrases used in this paragraph shall have the meaning respectively
35 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
36 amendments thereto, and the provisions of such sections are hereby
37 incorporated by reference for all purposes thereof.

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

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

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

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

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

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

1 and as revised thereafter by the internal revenue service.

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

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

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

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

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

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

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

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

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

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

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

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

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

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