

As Amended by House Committee

Session of 2024

HOUSE BILL No. 2757

By Committee on Taxation

Requested by Representative Estes

2-7

1 AN ACT concerning adoption; relating to the expenses thereof; enacting
2 the adoption savings account act; allowing individuals to establish
3 adoption savings accounts with certain financial institutions; providing
4 eligible expenses, requirements and restrictions for such accounts;
5 requiring the secretary of revenue to adopt certain rules and
6 regulations; granting nonexclusive marketing authority to the state
7 treasurer; establishing addition and subtraction modifications for
8 contributions to such accounts under the Kansas income tax act;
9 amending K.S.A. 2023 Supp. 79-32,117 and repealing the existing
10 section.

11

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

13 New Section 1. The provisions of sections 1 through 7, and
14 amendments thereto, shall be known and may be cited as the adoption
15 savings account act.

16 New Sec. 2. As used in this act:

17 (a) "Act" means the adoption savings account act.

18 (b) "Account" or "adoption savings account" means an individual
19 savings account established in accordance with the provisions of this act.

20 (c) "Account holder" means an individual who establishes an account
21 that is designated as an adoption savings account pursuant to the
22 provisions of section 3, and amendments thereto, with a financial
23 institution.

24 (d) "Designated beneficiary" means the individual designated by an
25 account holder pursuant to the provisions of section 3, and amendments
26 thereto, as the individual whose eligible expenses are expected to be paid
27 from the account for the adoption of a child ~~in this state~~.

28 (e) "Eligible expenses" means:

29 (1) Reasonable fees for legal and other professional services rendered
30 in connection with an adoption or placement for adoption not to exceed
31 customary fees for similar services by professionals of equivalent
32 experience and reputation where the services are performed;

33 (2) reasonable fees of a licensed child-placing agency;

34 (3) actual and necessary expenses incidental to the adoption or
35 placement proceeding;

1 (4) actual medical expenses of the mother attributable to pregnancy
2 and birth;

3 (5) actual medical expenses of the child; and

4 (6) reasonable living expenses of the mother that are incurred during
5 or as a result of the pregnancy.

6 (f) "Financial institution" means any state or federally chartered bank,
7 trust company, savings and loan association or credit union that is:

8 (1) Authorized to do business in this state; and

9 (2) insured by the federal deposit insurance corporation or the
10 national credit union administration.

11 (g) "Secretary" means the secretary of revenue.

12 New Sec. 3. (a) On and after July 1, 2025, any individual may open
13 an account with a financial institution and designate the account, in its
14 entirety, as an adoption savings account to be used to pay or reimburse a
15 designated beneficiary's eligible expenses for the adoption of a child ~~in this~~
16 ~~state~~. An individual may be the account holder of multiple accounts and an
17 individual may jointly own the account with another individual if such
18 individuals file a joint income tax return. An account holder shall comply
19 with the requirements of this act to be eligible for the modifications set
20 forth in K.S.A. 79-32,117, and amendments thereto.

21 (b) (1) An account holder shall designate, not later than April 15 of
22 the year following the taxable year during which the account is
23 established, a prospective adoptive parent as the designated beneficiary of
24 the account. Nothing in this section shall prohibit an account holder from
25 designating such account holder as the designated beneficiary of an
26 account. An account holder may change the designated beneficiary at any
27 time, but no account shall have more than one designated beneficiary at
28 any time. An individual may be designated as the designated beneficiary of
29 more than one account if such accounts are held by separate account
30 holders. No account holder shall be authorized to designate the same
31 designated beneficiary on multiple accounts held by such account owner,
32 **except when opening certificates of deposit.**

33 (2) The naming of a designated beneficiary shall not create a
34 survivorship interest in the account for such designated beneficiary. In the
35 event of the death of an account holder, the balance of such account shall
36 be paid to the payable on death beneficiary in accordance with K.S.A. 9-
37 1215, and amendments thereto, or, in the absence of a named payable on
38 death beneficiary, in accordance with the provisions of the Kansas probate
39 code.

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

42 (A) The maximum contribution to an account in any tax year shall be
43 ~~\$3,000~~ **\$6,000** for an individual and ~~\$6,000~~ **\$12,000** for a married couple

1 filing a joint return;

2 (B) the maximum amount of all contributions into an account in all
3 tax years shall be ~~\$24,000~~ **\$48,000** for an individual and ~~\$48,000~~ **\$96,000**
4 for a married couple filing a joint return; and

5 (C) the maximum total amount in an account shall be ~~\$50,000~~
6 **\$100,000**.

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

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

12 (d) The account holder shall not use moneys in an account to pay
13 expenses of administering the account, except that a service fee may be
14 deducted from the account by a financial institution. The account holder
15 shall be responsible for maintaining documentation for the account and for
16 eligible expenses related to the designated beneficiary's adoption of a child
17 ~~in this state~~.

18 New Sec. 4. (a) The moneys in an adoption savings account may be:

19 (1) Used for eligible expenses related to a designated beneficiary's
20 adoption of a child ~~in this state~~;

21 (2) used for eligible expenses that would have qualified pursuant to
22 paragraph (1) but the adoption was not completed;

23 (3) transferred to another newly created account;

24 (4) invested in certificates of deposit; and

25 (5) used to pay service fees assessed by the financial institution.

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

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

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

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

38 (1) If the withdrawal of moneys occurred 10 or less years after the
39 first deposit in the account, 5% of the amount subject to recapture; and

40 (2) if the withdrawal of moneys occurred more than 10 years after the
41 first deposit in the account, 10% of the amount subject to recapture.

42 (d) The penalties provided in subsection (c) shall not apply if the
43 withdrawn moneys are:

1 ~~(1) Used for eligible expenses related to a designated beneficiary's~~
2 ~~adoption outside of this state; or~~

3 ~~(2) from an account after the death of the designated beneficiary, and~~
4 ~~the account holder did not designate a new designated beneficiary during~~
5 ~~the same tax year.~~

6 (e) If the account holder dies or, if the account is jointly owned and
7 the account owners die, and the account does not have a surviving payable
8 on death beneficiary, then all of the moneys in the account resulting from
9 contributions or income earned from assets in the account shall be subject
10 to recapture in the tax year of the death or deaths pursuant to K.S.A. 79-
11 32,117, and amendments thereto, but no penalty shall be assessed pursuant
12 to subsection (c).

13 New Sec. 5. (a) The secretary shall establish forms for an account
14 holder to annually report information about any accounts held by such
15 account holder. An account holder shall annually file with the account
16 holder's state income tax return all forms required by the secretary under
17 this section, the form 1099 for the account issued by the financial
18 institution and any other supporting documentation the secretary requires.

19 (b) Prior to July 1, 2025, the secretary shall adopt rules and
20 regulations necessary to administer the provisions of this act.

21 New Sec. 6. (a) No financial institution shall be required to:

22 (1) Designate an account as an adoption savings account or designate
23 the beneficiaries of an account in the financial institution's account
24 contracts or systems or in any other way;

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

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

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

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

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

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

36 (c) A financial institution may rely on such financial institution's
37 account records for determining a payable on death beneficiary for an
38 adoption savings account. If the payable on death beneficiary in a financial
39 institution's account records conflicts with the designated beneficiary on
40 any form required by the secretary pursuant to this act, the payable on
41 death beneficiary in such financial institution's account records shall
42 control.

43 New Sec. 7. The state treasurer may have nonexclusive authority to

1 market the adoption savings account program to account holders and
2 financial institutions throughout the state and may report on the marketing
3 initiatives in the state treasurer's office annual report.

4 Sec. 8. K.S.A. 2023 Supp. 79-32,117 is hereby amended to read as
5 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
6 means such individual's federal adjusted gross income for the taxable year,
7 with the modifications specified in this section.

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

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

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

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

32 (iv) Federal income tax refunds received by the taxpayer if the
33 deduction of the taxes being refunded resulted in a tax benefit for Kansas
34 income tax purposes during a prior taxable year. Such refunds shall be
35 included in income in the year actually received regardless of the method
36 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
37 be deemed to have resulted if the amount of the tax had been deducted in
38 determining income subject to a Kansas income tax for a prior year
39 regardless of the rate of taxation applied in such prior year to the Kansas
40 taxable income, but only that portion of the refund shall be included as
41 bears the same proportion to the total refund received as the federal taxes
42 deducted in the year to which such refund is attributable bears to the total
43 federal income taxes paid for such year. For purposes of the foregoing

1 sentence, federal taxes shall be considered to have been deducted only to
2 the extent such deduction does not reduce Kansas taxable income below
3 zero.

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

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

12 (vii) The amount of any charitable contribution made to the extent the
13 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
14 32,196, and amendments thereto.

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

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

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

31 (xi) The amount of any contribution made to the same extent the
32 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
33 50,154, and amendments thereto.

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

41 (xiii) The amount of any expenditures claimed for deduction in
42 determining federal adjusted gross income, to the extent the same is
43 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,217

1 through 79-32,220 or 79-32,222, and amendments thereto.

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

6 (xv) The amount of any expenditures claimed for deduction in
7 determining federal adjusted gross income, to the extent the same is
8 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
9 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
10 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
11 32,251 through 79-32,254, and amendments thereto.

12 (xvi) The amount of any amortization deduction claimed in
13 determining federal adjusted gross income to the extent the same is
14 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
15 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

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

30 (xix) For taxable years beginning after December 31, 2012, and
31 ending before January 1, 2017, the amount of any: (1) Loss from business
32 as determined under the federal internal revenue code and reported from
33 schedule C and on line 12 of the taxpayer's form 1040 federal individual
34 income tax return; (2) loss from rental real estate, royalties, partnerships, S
35 corporations, except those with wholly owned subsidiaries subject to the
36 Kansas privilege tax, estates, trusts, residual interest in real estate
37 mortgage investment conduits and net farm rental as determined under the
38 federal internal revenue code and reported from schedule E and on line 17
39 of the taxpayer's form 1040 federal individual income tax return; and (3)
40 farm loss as determined under the federal internal revenue code and
41 reported from schedule F and on line 18 of the taxpayer's form 1040
42 federal income tax return; all to the extent deducted or subtracted in
43 determining the taxpayer's federal adjusted gross income. For purposes of

1 this subsection, references to the federal form 1040 and federal schedule
2 C, schedule E, and schedule F, shall be to such form and schedules as they
3 existed for tax year 2011, and as revised thereafter by the internal revenue
4 service.

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

13 (xxi) For taxable years beginning after December 31, 2012, and
14 ending before January 1, 2017, the amount of any deduction for pension,
15 profit sharing, and annuity plans of self-employed individuals under
16 section 62(a)(6) of the federal internal revenue code as in effect on January
17 1, 2012, and amendments thereto, in determining the federal adjusted gross
18 income of an individual taxpayer.

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

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

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

39 (xxv) For taxable years commencing after December 31, 2013, that
40 portion of the amount of any expenditure deduction claimed in
41 determining federal adjusted gross income for expenses paid by a taxpayer
42 for health care when such expenses were paid or incurred for abortion
43 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and

1 amendments thereto, when such expenses were paid or incurred for
2 abortion coverage or amounts contributed to health savings accounts for
3 such taxpayer's employees for the purchase of an optional rider for
4 coverage of abortion in accordance with K.S.A. 40-2,190, and
5 amendments thereto, to the extent that such taxes and assessments are
6 claimed as a deduction for federal income tax purposes.

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

12 (xxvii) For all taxable years commencing after December 31, 2020,
13 the amount deducted by reason of a carryforward of disallowed business
14 interest pursuant to section 163(j) of the federal internal revenue code of
15 1986, as in effect on January 1, 2018.

16 (xxviii) For all taxable years beginning after December 31, 2021, the
17 amount of any contributions to, or earnings from, a first-time home buyer
18 savings account if distributions from the account were not used to pay for
19 expenses or transactions authorized pursuant to K.S.A. 2023 Supp. 58-
20 4904, and amendments thereto, or were not held for the minimum length
21 of time required pursuant to K.S.A. 2023 Supp. 58-4904, and amendments
22 thereto. Contributions to, or earnings from, such account shall also include
23 any amount resulting from the account holder not designating a surviving
24 payable on death beneficiary pursuant to K.S.A. 2023 Supp. 58-4904(e),
25 and amendments thereto.

26 *(xxix) For all taxable years beginning after December 31, 2024, the*
27 *amount of any contributions to, or earnings from, an adoption savings*
28 *account if distributions from the account were not used to pay for expenses*
29 *or transactions authorized pursuant to section 4, and amendments thereto,*
30 *or were not held for the minimum length of time required pursuant to*
31 *section 4, and amendments thereto. Contributions to, or earnings from,*
32 *such account shall also include any amount resulting from the account*
33 *holder not designating a surviving payable on death beneficiary pursuant*
34 *to section 4(e), and amendments thereto.*

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

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

42 (ii) Any amounts received which are included in federal adjusted
43 gross income but which are specifically exempt from Kansas income

1 taxation under the laws of the state of Kansas.

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

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

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

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

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

29 (viii) Amounts received by retired railroad employees as a
30 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
31 228c(a)(1) et seq.

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

37 (x) For taxable years beginning after December 31, 1976, the amount
38 of the federal tentative jobs tax credit disallowance under the provisions of
39 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
40 amount of the targeted jobs tax credit and work incentive credit
41 disallowances under 26 U.S.C. § 280C.

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

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

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

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

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

41 (xvi) For all taxable years beginning after December 31, 2004,
42 amounts received by taxpayers who are or were members of the armed
43 forces of the United States, including service in the Kansas army and air

1 national guard, as a recruitment, sign up or retention bonus received by
2 such taxpayer as an incentive to join, enlist or remain in the armed services
3 of the United States, including service in the Kansas army and air national
4 guard, and amounts received for repayment of educational or student loans
5 incurred by or obligated to such taxpayer and received by such taxpayer as
6 a result of such taxpayer's service in the armed forces of the United States,
7 including service in the Kansas army and air national guard.

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

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

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

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

1 federal adjusted gross income. For purposes of this subsection, references
2 to the federal form 1040 and federal schedule C, schedule E, and schedule
3 F, shall be to such form and schedules as they existed for tax year 2011
4 and as revised thereafter by the internal revenue service.

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

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

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

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

41 (xxv) For all taxable years commencing after December 31, 2020,
42 100% of global intangible low-taxed income under section 951A of the
43 federal internal revenue code of 1986, before any deductions allowed

1 under section 250(a)(1)(B) of such code.

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

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

10 (xxviii) For all taxable years beginning after December 31, 2021: (1)
11 The amount contributed to a first-time home buyer savings account
12 pursuant to K.S.A. 2023 Supp. 58-4903, and amendments thereto, in an
13 amount not to exceed \$3,000 for an individual or \$6,000 for a married
14 couple filing a joint return; or (2) amounts received as income earned from
15 assets in a first-time home buyer savings account.

16 (xxix) *For all taxable years beginning after December 31, 2024: (1)*
17 *The amount contributed to an adoption savings account pursuant to*
18 *section 3, and amendments thereto, in an amount not to exceed*~~*\$3,000*~~
19 ***\$6,000 for an individual or \$6,000 \$12,000 for a married couple filing a***
20 ***joint return; or (2) amounts received as income earned from assets in an***
21 ***adoption savings account.***

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

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

31 Sec. 9. K.S.A. 2023 Supp. 79-32,117 is hereby repealed.

32 Sec. 10. This act shall take effect and be in force from and after its
33 publication in the statute book.