

As Amended by House Committee

As Amended by Senate Committee

Session of 2014

SENATE BILL No. 265

By Committee on Assessment and Taxation

1-16

1 AN ACT concerning income tax; relating to homestead refund~~s~~, income
2 defined, eligibility; **deductions, self-employment taxes; withholding,**
3 **non-resident pass-through entity income;** amending K.S.A. 2013
4 Supp. **79-32,117, 79-32,263** and 79-4502 and repealing the existing
5 sections; **also repealing K.S.A. 2013 Supp. 79-32,100e.**
6

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

8 Section 1. K.S.A. 2013 Supp. 79-32,263 is hereby amended to read as
9 follows: 79-32,263. This act shall be known and may be cited as the
10 selective assistance for effective senior relief (SAFESR). There shall be
11 allowed as a credit against the tax liability of a taxpayer imposed under the
12 Kansas income tax act, the following: (a) For tax years 2008, 2009 and
13 2010, an amount equal to 45% of the amount of property and ad valorem
14 taxes actually and timely paid as described in this section; and (b) for tax
15 year 2011 and all tax years thereafter, an amount equal to 75% of the
16 amount of property and ad valorem taxes actually and timely paid by a
17 taxpayer who is 65 years of age or older and who has household income
18 equal to or less than 120% of the federal poverty level for two persons if
19 such taxes were paid upon real or personal property used for residential
20 purposes of such taxpayer which is the taxpayer's principal place of
21 residence for the tax year in which the tax credit is claimed. The amount of
22 any such credit for any such taxpayer shall not exceed the amount of
23 property and ad valorem taxes paid by such taxpayer as specified in this
24 section. A taxpayer shall not take the credit pursuant to this section if such
25 taxpayer has received a homestead property tax refund pursuant to K.S.A.
26 79-4501 et seq., and amendments thereto, for such property for such tax
27 year. Subject to the provisions of this section, if the amount of such tax
28 credit exceeds the taxpayer's income tax liability for the taxable year, the
29 amount of such excess credit which exceeds such tax liability shall be
30 refunded to the taxpayer. The secretary of revenue shall adopt rules and
31 regulations regarding the filing of documents that support the amount of
32 the credit claimed pursuant to this section. For purposes of this section,
33 "household income" means all income *as defined in K.S.A. 79-4502(a),*
34 *and amendments thereto,* including *any* payments received under the

1 federal social security act, received by persons of a household in a
2 calendar year while members of such household. The provisions of this act
3 shall be part of and supplemental to the homestead property tax refund act.

4 Sec. 2. K.S.A. 2013 Supp. 79-4502 is hereby amended to read as
5 follows: 79-4502. As used in this act, unless the context clearly indicates
6 otherwise:

7 (a) "Income" means the sum of adjusted gross income under the
8 Kansas income tax act *effective for tax year 2013 and thereafter without*
9 *regard to any modifications pursuant to K.S.A. 79-32,117(b)(xx) through*
10 *(xxiii) and (c)(xx), and amendments thereto*, maintenance, support money,
11 cash public assistance and relief, not including any refund granted under
12 this act, the gross amount of any pension or annuity, including all
13 monetary retirement benefits from whatever source derived, including but
14 not limited to, all payments received under the railroad retirement act,
15 except disability payments, payments received under the federal social
16 security act, except that for determination of what constitutes income such
17 amount shall not exceed 50% of any such social security payments and
18 shall not include any social security payments to a claimant who prior to
19 attaining full retirement age had been receiving disability payments under
20 the federal social security act in an amount not to exceed the amount of
21 such disability payments or 50% of any such social security payments,
22 whichever is greater, all dividends and interest from whatever source
23 derived not included in adjusted gross income, workers compensation and
24 the gross amount of "loss of time" insurance. Income does not include gifts
25 from nongovernmental sources or surplus food or other relief in kind
26 supplied by a governmental agency, nor shall net operating losses and net
27 capital losses be considered in the determination of income. Income does
28 not include veterans disability pensions. Income does not include disability
29 payments received under the federal social security act.

30 (b) "Household" means a claimant, a claimant and spouse who
31 occupy the homestead or a claimant and one or more individuals not
32 related as husband and wife who together occupy a homestead.

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

35 (d) "Homestead" means the dwelling, or any part thereof, owned and
36 occupied as a residence by the household and so much of the land
37 surrounding it, as defined as a home site for ad valorem tax purposes, and
38 may consist of a part of a multi-dwelling or multi-purpose building and a
39 part of the land upon which it is built or a manufactured home or mobile
40 home and the land upon which it is situated. "Owned" includes a vendee in
41 possession under a land contract, a life tenant, a beneficiary under a trust
42 and one or more joint tenants or tenants in common.

43 (e) "Claimant" means a person who has filed a claim under the

1 provisions of this act and was, during the entire calendar year preceding
2 the year in which such claim was filed for refund under this act, except as
3 provided in K.S.A. 79-4503, and amendments thereto, both domiciled in
4 this state and was: (1) A person having a disability; (2) a person who is 55
5 years of age or older; (3) a disabled veteran; (4) the surviving spouse of
6 active duty military personnel who died in the line of duty; or (5) a person
7 other than a person included under (1), (2), (3) or (4) having one or more
8 dependent children under 18 years of age residing at the person's
9 homestead during the calendar year immediately preceding the year in
10 which a claim is filed under this act. The surviving spouse of a disabled
11 veteran who was receiving benefits pursuant to subsection (e)(3) of this
12 section at the time of the veterans' death, shall be eligible to continue to
13 receive benefits until such time the surviving spouse remarries.

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

19 (f) "Property taxes accrued" means property taxes, exclusive of
20 special assessments, delinquent interest and charges for service, levied on
21 a claimant's homestead in 1979 or any calendar year thereafter by the state
22 of Kansas and the political and taxing subdivisions of the state. When a
23 homestead is owned by two or more persons or entities as joint tenants or
24 tenants in common and one or more of the persons or entities is not a
25 member of claimant's household, "property taxes accrued" is that part of
26 property taxes levied on the homestead that reflects the ownership
27 percentage of the claimant's household. For purposes of this act, property
28 taxes are "levied" when the tax roll is delivered to the local treasurer with
29 the treasurer's warrant for collection. When a claimant and household own
30 their homestead part of a calendar year, "property taxes accrued" means
31 only taxes levied on the homestead when both owned and occupied as a
32 homestead by the claimant's household at the time of the levy, multiplied
33 by the percentage of 12 months that the property was owned and occupied
34 by the household as its homestead in the year. When a household owns and
35 occupies two or more different homesteads in the same calendar year,
36 property taxes accrued shall be the sum of the taxes allocable to those
37 several properties while occupied by the household as its homestead
38 during the year. Whenever a homestead is an integral part of a larger unit
39 such as a multi-purpose or multi-dwelling building, property taxes accrued
40 shall be that percentage of the total property taxes accrued as the value of
41 the homestead is of the total value. For the purpose of this act, the word
42 "unit" refers to that parcel of property covered by a single tax statement of
43 which the homestead is a part.

1 (g) "Disability" means:

2 (1) Inability to engage in any substantial gainful activity by reason of
3 any medically determinable physical or mental impairment which can be
4 expected to result in death or has lasted or can be expected to last for a
5 continuous period of not less than 12 months, and an individual shall be
6 determined to be under a disability only if the physical or mental
7 impairment or impairments are of such severity that the individual is not
8 only unable to do the individual's previous work but cannot, considering
9 age, education and work experience, engage in any other kind of
10 substantial gainful work which exists in the national economy, regardless
11 of whether such work exists in the immediate area in which the individual
12 lives or whether a specific job vacancy exists for the individual, or whether
13 the individual would be hired if application was made for work. For
14 purposes of the preceding sentence (with respect to any individual), "work
15 which exists in the national economy" means work which exists in
16 significant numbers either in the region where the individual lives or in
17 several regions of the country; for purposes of this subsection, a "physical
18 or mental impairment" is an impairment that results from anatomical,
19 physiological or psychological abnormalities which are demonstrable by
20 medically acceptable clinical and laboratory diagnostic techniques; or

21 (2) blindness and inability by reason of blindness to engage in
22 substantial gainful activity requiring skills or abilities comparable to those
23 of any gainful activity in which the individual has previously engaged with
24 some regularity and over a substantial period of time.

25 (h) "Blindness" means central visual acuity of $20/200$ or less in the
26 better eye with the use of a correcting lens. An eye which is accompanied
27 by a limitation in the fields of vision such that the widest diameter of the
28 visual field subtends an angle no greater than 20 degrees shall be
29 considered for the purpose of this paragraph as having a central visual
30 acuity of $20/200$ or less.

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

38 **Sec. 3. K.S.A. 2013 Supp. 79-32,117 is hereby amended to read as**
39 **follows: 79-32,117. (a) The Kansas adjusted gross income of an**
40 **individual means such individual's federal adjusted gross income for**
41 **the taxable year, with the modifications specified in this section.**

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

43 **(i) Interest income less any related expenses directly incurred in**

1 the purchase of state or political subdivision obligations, to the extent
2 that the same is not included in federal adjusted gross income, on
3 obligations of any state or political subdivision thereof, but to the
4 extent that interest income on obligations of this state or a political
5 subdivision thereof issued prior to January 1, 1988, is specifically
6 exempt from income tax under the laws of this state authorizing the
7 issuance of such obligations, it shall be excluded from computation of
8 Kansas adjusted gross income whether or not included in federal
9 adjusted gross income. Interest income on obligations of this state or a
10 political subdivision thereof issued after December 31, 1987, shall be
11 excluded from computation of Kansas adjusted gross income whether
12 or not included in federal adjusted gross income.

13 (ii) Taxes on or measured by income or fees or payments in lieu of
14 income taxes imposed by this state or any other taxing jurisdiction to
15 the extent deductible in determining federal adjusted gross income
16 and not credited against federal income tax. This paragraph shall not
17 apply to taxes imposed under the provisions of K.S.A. 79-1107 or 79-
18 1108, and amendments thereto, for privilege tax year 1995, and all
19 such years thereafter.

20 (iii) The federal net operating loss deduction.

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

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

42 (vi) Any amount of designated employee contributions picked up
43 by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-

1 4965, and amendments thereto.

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

5 (viii) The amount of any costs incurred for improvements to a
6 swine facility, claimed for deduction in determining federal adjusted
7 gross income, to the extent the same is claimed as the basis for any
8 credit allowed pursuant to K.S.A. 2013 Supp. 79-32,204, and
9 amendments thereto.

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

16 (x) Amounts received as nonqualified withdrawals, as defined by
17 K.S.A. 2013 Supp. 75-643, and amendments thereto, if, at the time of
18 contribution to a family postsecondary education savings account,
19 such amounts were subtracted from the federal adjusted gross income
20 pursuant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and
21 amendments thereto, or if such amounts are not already included in
22 the federal adjusted gross income.

23 (xi) The amount of any contribution made to the same extent the
24 same is claimed as the basis for the credit allowed pursuant to K.S.A.
25 2013 Supp. 74-50,154, and amendments thereto.

26 (xii) For taxable years commencing after December 31, 2004,
27 amounts received as withdrawals not in accordance with the
28 provisions of K.S.A. 2013 Supp. 74-50,204, and amendments thereto,
29 if, at the time of contribution to an individual development account,
30 such amounts were subtracted from the federal adjusted gross income
31 pursuant to paragraph (xiii) of subsection (c), or if such amounts are
32 not already included in the federal adjusted gross income.

33 (xiii) The amount of any expenditures claimed for deduction in
34 determining federal adjusted gross income, to the extent the same is
35 claimed as the basis for any credit allowed pursuant to K.S.A. 2013
36 Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments
37 thereto.

38 (xiv) The amount of any amortization deduction claimed in
39 determining federal adjusted gross income to the extent the same is
40 claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,221, and
41 amendments thereto.

42 (xv) The amount of any expenditures claimed for deduction in
43 determining federal adjusted gross income, to the extent the same is

1 claimed as the basis for any credit allowed pursuant to K.S.A. 2013
2 Supp. 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-
3 32,233 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245
4 through 79-32,248 or 79-32,251 through 79-32,254, and amendments
5 thereto.

6 (xvi) The amount of any amortization deduction claimed in
7 determining federal adjusted gross income to the extent the same is
8 claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,227, 79-
9 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
10 thereto.

11 (xvii) The amount of any amortization deduction claimed in
12 determining federal adjusted gross income to the extent the same is
13 claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,256, and
14 amendments thereto.

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

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

1 (xx) For all taxable years beginning after December 31, 2012, the
2 amount of any deduction for self-employment taxes under section
3 164(f) of the federal internal revenue code as in effect on January 1,
4 2012, and amendments thereto, in determining the federal adjusted
5 gross income of an individual taxpayer, *to the extent the deduction is*
6 *attributable to income reported on schedule C, E or F and on line 12, 17*
7 *or 18 of the taxpayer's form 1040 federal income tax return.*

8 (xxi) For all taxable years beginning after December 31, 2012, the
9 amount of any deduction for pension, profit sharing, and annuity
10 plans of self-employed individuals under section 62(a)(6) of the federal
11 internal revenue code as in effect on January 1, 2012, and
12 amendments thereto, in determining the federal adjusted gross income
13 of an individual taxpayer.

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

19 (xxiii) For all taxable years beginning after December 31, 2012,
20 the amount of any deduction for domestic production activities under
21 section 199 of the federal internal revenue code as in effect on January
22 1, 2012, and amendments thereto, in determining the federal adjusted
23 gross income of an individual taxpayer.

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

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

1 with K.S.A. 2013 Supp. 40-2,190, and amendments thereto, to the
2 extent that such taxes and assessments are claimed as a deduction for
3 federal income tax purposes.

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

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

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

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

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

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

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

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

42 (viii) Amounts received by retired railroad employees as a
43 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a)

1 and 228c (a)(1) et seq.

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

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

12 (xi) For taxable years beginning after December 31, 1986,
13 dividend income on stock issued by Kansas Venture Capital, Inc.

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

18 (xiii) For taxable years beginning after December 31, 2004,
19 amounts contributed to and the amount of income earned on
20 contributions deposited to an individual development account under
21 K.S.A. 2013 Supp. 74-50,201 et seq., and amendments thereto.

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

36 (xv) For all taxable years beginning after December 31, 2006,
37 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
38 joint return, for each designated beneficiary which are contributed to
39 a family postsecondary education savings account established under
40 the Kansas postsecondary education savings program or a qualified
41 tuition program established and maintained by another state or
42 agency or instrumentality thereof pursuant to section 529 of the
43 internal revenue code of 1986, as amended, for the purpose of paying

1 the qualified higher education expenses of a designated beneficiary at
2 an institution of postsecondary education. The terms and phrases used
3 in this paragraph shall have the meaning respectively ascribed thereto
4 by the provisions of K.S.A. 2013 Supp. 75-643, and amendments
5 thereto, and the provisions of such section are hereby incorporated by
6 reference for all purposes thereof.

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

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

27 (xviii) For the taxable year beginning after December 31, 2006,
28 amounts received as benefits under the federal social security act
29 which are included in federal adjusted gross income of a taxpayer with
30 federal adjusted gross income of \$50,000 or less, whether such
31 taxpayer's filing status is single, head of household, married filing
32 separate or married filing jointly; and for all taxable years beginning
33 after December 31, 2007, amounts received as benefits under the
34 federal social security act which are included in federal adjusted gross
35 income of a taxpayer with federal adjusted gross income of \$75,000 or
36 less, whether such taxpayer's filing status is single, head of household,
37 married filing separate or married filing jointly.

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

41 (xx) For all taxable years beginning after December 31, 2012, the
42 amount of any: (1) Net profit from business as determined under the
43 federal internal revenue code and reported from schedule C and on

1 line 12 of the taxpayer's form 1040 federal individual income tax
2 return; (2) net income from rental real estate, royalties, partnerships,
3 S corporations, estates, trusts, residual interest in real estate mortgage
4 investment conduits and net farm rental as determined under the
5 federal internal revenue code and reported from schedule E and on
6 line 17 of the taxpayer's form 1040 federal individual income tax
7 return; and (3) net farm profit as determined under the federal
8 internal revenue code and reported from schedule F and on line 18 of
9 the taxpayer's form 1040 federal income tax return; all to the extent
10 included in the taxpayer's federal adjusted gross income. For purposes
11 of this subsection, references to the federal form 1040 and federal
12 schedule C, schedule E, and schedule F, shall be to such form and
13 schedules as they existed for tax year 2011 and as revised thereafter by
14 the internal revenue service.

15 (d) There shall be added to or subtracted from federal adjusted
16 gross income the taxpayer's share, as beneficiary of an estate or trust,
17 of the Kansas fiduciary adjustment determined under K.S.A. 79-
18 32,135, and amendments thereto.

19 (e) The amount of modifications required to be made under this
20 section by a partner which relates to items of income, gain, loss,
21 deduction or credit of a partnership shall be determined under K.S.A.
22 79-32,131, and amendments thereto, to the extent that such items
23 affect federal adjusted gross income of the partner.

24 ~~Sec. 3.~~ 4. K.S.A. 2013 Supp. 79-32,100e, 79-32,117, 79-32,263 and
25 79-4502 are hereby repealed.

26 ~~Sec. 4.~~ 5. This act shall take effect and be in force from and after its
27 publication in the statute book.