

Senate Substitute for HOUSE BILL No. 2239

By Committee on Assessment and Taxation

3-26

1 AN ACT concerning income taxation; establishing the golden years
2 homestead property tax freeze act, providing residential property tax
3 refunds; collectively renaming homestead property relief as the golden
4 years homestead property tax freeze program; *{establishing a checkoff*
5 *for contributions to the Kansas historic site fund;}* relating to
6 ~~corporations, providing for an extension of the net operating loss~~
7 ~~carryforward period deductions; establishing the salt parity act to~~
8 ~~allow pass-through entities to elect to pay state income tax at the~~
9 ~~entity level; increasing the Kansas standard deduction; relating to~~
10 ~~certain net operating losses; providing a subtraction modification to~~
11 ~~allow the carryforward of certain net operating losses for individuals;~~
12 ~~allowing a carryback on loss from sale of certain historic hotels;~~
13 ~~{providing a subtraction modification for the federal work~~
14 ~~opportunity tax credit and the employee retention credit~~
15 ~~disallowance; providing a credit for contributions to community~~
16 ~~colleges and technical colleges;}~~ amending K.S.A. 79-3220 ~~and~~, 79-
17 32,111 ~~{and 79-32,261}~~ and K.S.A. 2021 Supp. 79-32,117, 79-32,119,
18 79-32,138 and 79-32,143 and repealing the existing ~~section~~ sections;
19 *also repealing K.S.A. 2021 Supp. 79-32,117q.*

20

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

22

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

29

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

31

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

32

(b) "Base year" means the year in which an individual becomes an
33 eligible claimant and who is also eligible for a claim for refund pursuant to
34 section 16, and amendments thereto. For any individual who would

1 otherwise be an eligible claimant prior to ~~2019~~ **2021**, such base year shall
2 be deemed to be ~~2019~~ **2021** for the purposes of this act. In the event an
3 individual is no longer an eligible claimant under this act, the individual
4 shall establish a new base year in the year that the individual becomes an
5 eligible claimant.

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

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

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

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

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

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

39 (h) "Income" means the sum of adjusted gross income under the
40 Kansas income tax act effective for tax year ~~2020~~ **2022**, and tax years
41 thereafter, without regard to any maintenance, support money, cash public
42 assistance and relief, not including any refund granted under this act, the
43 gross amount of any pension or annuity, including all monetary retirement

1 benefits from whatever source derived, including, but not limited to, all
2 payments received under the railroad retirement act, except disability
3 payments, payments received under the federal social security act, except
4 that for determination of what constitutes income, such amount shall not
5 exceed 50% of any such social security payments and shall not include any
6 social security payments to a claimant who, prior to attaining full
7 retirement age, had been receiving disability payments under the federal
8 social security act in an amount not to exceed the amount of such disability
9 payments or 50% of any such social security payments, whichever is
10 greater, all dividends and interest from whatever source derived not
11 included in adjusted gross income, workers compensation and the gross
12 amount of loss of time insurance. Income does not include gifts from
13 nongovernmental sources or surplus food or other relief in kind supplied
14 by a governmental agency, nor shall net operating losses and net capital
15 losses be considered in the determination of income. Income does not
16 include veterans disability pensions or disability payments received under
17 the federal social security act.

18 (i) "Property taxes accrued" means property taxes, exclusive of
19 special assessments, delinquent interest and charges for service, levied on
20 a claimant's homestead in ~~2019~~ 2021 or any calendar year thereafter by the
21 state of Kansas and the political and taxing subdivisions of the state. When
22 a homestead is owned by two or more persons or entities as joint tenants or
23 tenants in common and one or more of the persons or entities is not a
24 member of the claimant's household, "property taxes accrued" is that part
25 of property taxes levied on the homestead that reflects the ownership
26 percentage of the claimant's household. For purposes of this act, property
27 taxes are levied when the tax roll is delivered to the local treasurer with the
28 treasurer's warrant for collection. When a claimant and household own
29 their homestead for only a part of a calendar year, "property taxes accrued"
30 means only taxes levied on the homestead when both owned and occupied
31 as a homestead by the claimant's household at the time of the levy,
32 multiplied by the percentage of 12 months that the property was owned
33 and occupied by the household as its homestead in that year. When a
34 household owns and occupies two or more different homesteads in the
35 same calendar year, property taxes accrued shall be the sum of the taxes
36 allocable to those several properties while occupied by the household as its
37 homesteads during the year. Whenever a homestead is an integral part of a
38 larger unit such as a multi-purpose or multi-dwelling building, property
39 taxes accrued shall be that percentage of the total property taxes that is
40 equal to the percentage of the value of the homestead compared to the total
41 unit's value. For the purpose of this act, the word "unit" refers to that
42 parcel of property covered by a single tax statement of which the
43 homestead is a part.

1 New Sec. 3. The right to file a claim under this act may be exercised
2 on behalf of a claimant by such person's legal guardian, conservator or
3 attorney-in-fact. When a claimant dies after having filed a timely claim,
4 the amount thereof shall be disbursed to another member of the household
5 as determined by the director of taxation. If the claimant was the only
6 member of such person's household, the claim may be paid to such
7 person's executor or administrator, but if neither is appointed and qualified,
8 the amount of the claim may be paid upon a claim duly made to any heir at
9 law. In the absence of any such claim within two years of the filing of the
10 claim, the amount of the claim shall escheat to the state. When a person
11 who would otherwise be entitled to file a claim under the provisions of this
12 act dies prior to filing such claim, another member of such person's
13 household may file such claim in the name of such decedent, subject to the
14 deadline prescribed by section 5, and amendments thereto, and the director
15 shall pay the amount to which the decedent would have been entitled to
16 such person filing the claim. If the decedent was the only member of such
17 person's household, the decedent's executor or administrator may file such
18 claim in the name of the decedent, and the claim shall be paid to the
19 executor or administrator. In the event that neither an executor or
20 administrator is appointed and qualified, such claim may be made by any
21 heir at law and the claim shall be payable to such heir at law. Any of the
22 foregoing provisions shall be applicable in any case where the decedent
23 dies in the calendar year preceding the year in which a claim may be made
24 under the provisions of this act, if such decedent was a resident of or
25 domiciled in this state during the entire part of such year that such
26 decedent was living. Where the decedent's death occurs during the
27 calendar year preceding the year in which a claim may be made, the
28 amount of the claim that would have been allowable if the decedent had
29 been a resident of or domiciled in this state the entire calendar year of such
30 person's death shall be reduced in a proportionate amount equal to a
31 fraction of the claim otherwise allowable, the numerator of which fraction
32 is the number of months in such calendar year following the month of the
33 decedent's death, and the denominator of which is 12.

34 New Sec. 4. A claimant may claim property tax relief under this act
35 with respect to property taxes accrued and, after audit by the director of
36 taxation with respect to this act, the allowable amount of such claim shall
37 be paid, except as otherwise provided in sections 6, 15 and 17, and
38 amendments thereto, to the claimant from the income tax refund fund upon
39 warrants of the director of accounts and reports pursuant to vouchers
40 approved by the director of taxation or by any person designated by the
41 claimant, but no warrant issued shall be drawn in an amount of less than
42 \$5. No interest shall be allowed on any payment made to a claimant
43 pursuant to this act.

1 New Sec. 5. Except as provided in section 14, and amendments
2 thereto: ~~(a) For tax year 2020, no claim shall be paid or allowed unless~~
3 ~~such claim is filed with and in the possession of the department of revenue~~
4 ~~on or before April 15, 2022; and (b) for tax year 2021, and all tax years~~
5 ~~thereafter,~~ no claim in respect of property taxes levied in any year shall be
6 paid or allowed unless such claim is filed with and in the possession of the
7 department of revenue on or before April 15 of the year next succeeding
8 the year in which such taxes were levied.

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

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

16 New Sec. 8. (a) Commencing in tax year ~~2020~~ 2022, and all tax years
17 thereafter, the amount of any claim pursuant to this act shall be computed
18 by deducting the homestead ad valorem tax amount in the tax year the
19 refund is sought from the amount of a claimant's base year homestead ad
20 valorem tax amount.

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

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

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

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

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

42 New Sec. 10. (a) Every claimant under this act shall supply to the
43 director of taxation, in support of a claim, reasonable proof of age and

1 changes of homestead, household membership, household income,
2 household assets and size and nature of property claimed as the
3 homestead.

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

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

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

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

41 New Sec. 13. A claim shall be disallowed if the director of taxation
42 finds that the claimant received title to such person's homestead primarily
43 for the purpose of receiving benefits under this act.

1 New Sec. 14. For claims in respect to property taxes levied in any
2 year, the director of taxation may extend the time for filing any claim or
3 accept a claim filed after the filing deadline when good cause exists, if the
4 claim has been filed within four years of the deadline.

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

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

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

27 (d) The county treasurer shall certify and return the electronic record
28 referred to in subsection (a), including any changes made by the county
29 clerk pursuant to subsection (c), to the director of taxation by December 31
30 of each year. After receiving a claim of any claimant who is listed in the
31 electronic record submitted by the county treasurer, the director shall
32 examine the same, and, if the claim is valid, the director of accounts and
33 reports shall draw a warrant in favor of the county in which the claimant's
34 homestead is located upon a voucher approved by the director of taxation
35 in the amount of the allowable claim for refund. Sufficient information to
36 identify the claimant shall be directed to the county treasurer with each
37 warrant. Any taxes levied in any year on the homestead of any claimant
38 who has obtained the eligibility herein provided for in excess of the
39 amount paid to the county by the state and by the claimant on or before
40 December 20 of such year shall be paid by the claimant on or before May
41 10 of the succeeding year.

42 (e) For the purposes of this section, "electronic record" means the
43 same as defined in K.S.A. 16-1602, and amendments thereto.

1 New Sec. 16. A claimant shall only be eligible for a claim for refund
2 under this act if: (a) The household income for the year in which the claim
3 is filed is \$75,000 or less; and (b) the appraised value of the homestead *for*
4 *the base year* is \$485,000 or less. In the case of all tax years commencing
5 after December 31, ~~2020~~ 2022, the upper limit household income
6 threshold amount prescribed in this subsection shall be increased by an
7 amount equal to such threshold amount multiplied by the cost-of-living
8 adjustment determined under section 1(f)(3) of the federal internal revenue
9 code for the calendar year in which the taxable year commences.

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

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

20 ~~Sec. 19. K.S.A. 79-32,143 is hereby amended to read as follows: 79-~~
21 ~~32,143. (a) (1) (A) For net operating losses incurred in taxable years~~
22 ~~beginning after December 31, 1987, prior to January 1, 2018, a net~~
23 ~~operating loss deduction shall be allowed in the same manner that it is~~
24 ~~allowed under the federal internal revenue code, except that such net~~
25 ~~operating loss may only be carried forward to each of the 10 taxable years~~
26 ~~following the taxable year of the net operating loss.~~

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

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

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

43 ~~(b) The amount of the loss to be carried back or forward will be the~~

1 ~~federal net operating loss after: (1) All modifications required under this~~
2 ~~act applicable to the net loss in the year the loss was incurred; and (2) after~~
3 ~~apportionment as to source in the case of corporations, nonresident~~
4 ~~individuals for losses incurred in taxable years beginning prior to January~~
5 ~~1, 1978, and nonresident estates and trusts in the same manner that income~~
6 ~~for such corporations, nonresident individuals, estates and trusts is~~
7 ~~required to be apportioned.~~

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

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

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

30 ~~(f) No refund of income tax which *that* results from a net operating~~
31 ~~farm loss carry back shall be allowed in an amount exceeding \$1,500 in~~
32 ~~any year. Any overpayment in excess of \$1,500 may be carried forward to~~
33 ~~any year or years after the year of the loss and may be claimed as a credit~~
34 ~~against the tax. The refundable portion of such credit shall not exceed~~
35 ~~\$1,500 in any year.~~

36 ~~(g) For tax year 2013, and all tax years thereafter, a net operating loss~~
37 ~~allowed by this section shall only be available to taxpayers subject to the~~
38 ~~income tax on corporations imposed pursuant to subsection (c) of K.S.A.~~
39 ~~79-32,110(c), and amendments thereto, and used only to determine such~~
40 ~~taxpayer's corporate income tax liability.~~

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

43 *(b) The legislature finds and declares that the deductibility of state*

1 *income taxes should be the same for C corporations, S corporations and*
2 *partnerships.*

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

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

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

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

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

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

18 *(e) "Income attributable to the state" means, with respect to an S*
19 *corporation or partnership, the portion of the items of income, gain, loss*
20 *or deduction of the S corporation or partnership apportioned or*
21 *allocated to this state in accordance with the provisions of K.S.A. 79-*
22 *3271 through 79-3293b, and amendments thereto.*

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

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

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

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

39 *New Sec. 22. (a) With respect to any taxable period for which it has*
40 *made the election under section 21, and amendments thereto, an electing*
41 *pass-through entity shall be subject to a tax in an amount equal to 5.7%*
42 *of the sum of each resident electing pass-through entity owner's*
43 *distributive share of the electing pass-through entity's income and each*

1 *nonresident electing pass-through entity owner's distributive share of*
2 *income attributable to the state, all as determined pursuant to K.S.A. 79-*
3 *32,130, 79-32,131, 79-32,133 and 79-32,139, and amendments thereto.*

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

9 *(c) Any credit allowed pursuant to article 32 of chapter 79 of the*
10 *Kansas Statutes Annotated, and amendments thereto, except K.S.A. 79-*
11 *32,111(a), and amendments thereto, that is attributable to the activities*
12 *of an electing pass-through entity in the taxable year shall be claimed by*
13 *the entity and not passed through to or claimed by the electing pass-*
14 *through entity owner only for taxable periods when the election is*
15 *allowed and made by an electing pass-through entity under section 12,*
16 *and amendments thereto. Notwithstanding any provision to the contrary*
17 *in article 32 of chapter 79 of the Kansas Statutes Annotated, and*
18 *amendments thereto, any excess income tax credit, net operating loss or*
19 *other modification may be carried forward on the electing pass-through*
20 *entity's return but may only be utilized in a year in which the electing*
21 *pass-through entity has made the election allowed in section 21, and*
22 *amendments thereto, except that any limitation specified in the specific*
23 *section for an income tax credit, the net operating loss or any other*
24 *modification shall apply to the electing pass-through entity. If in a*
25 *taxable period subsequent to a period in which an election under section*
26 *21, and amendments thereto, was made, an election under section 21,*
27 *and amendments thereto, is not allowed or not made by an electing pass-*
28 *through entity, any excess income tax credits may be transferred to the*
29 *electing pass-through entity owners. Any excess income tax credits shall*
30 *be available to each electing pass-through owner in the same proportion*
31 *and manner as would have applied without the election under section*
32 *21, and amendments thereto, for the taxable period in which each*
33 *respective income tax credit was generated. All other rights and*
34 *obligations pertaining to the excess income tax credits shall be*
35 *transferred to the electing pass-through entity owners.*

36 *(d) The provisions of article 32 of chapter 79 of the Kansas Statutes*
37 *Annotated, and amendments thereto, regarding the collection,*
38 *administration and enforcement of tax shall be applicable to the tax due*
39 *under this section, and notwithstanding the provisions of K.S.A. 79-*
40 *32,129 and 79-32,139, and amendments thereto, an electing pass-*
41 *through entity shall be a taxpayer.*

42 *New Sec. 23. (a) Notwithstanding K.S.A. 79-32,129 and 79-*
43 *32,139, and amendments thereto, and as provided in K.S.A. 79-32,138(c)*

1 ~~(vii), and amendments thereto,~~ electing pass-through entity owners shall
2 not be liable for the tax under this act in their separate or individual
3 capacities. ~~Resident~~ Electing pass-through entity owners subject to
4 Kansas individual income tax shall be entitled to a credit against the tax
5 imposed under ~~section 21~~ {K.S.A. 79-32,110}, and amendments thereto.
6 The credit shall be equal to the electing pass-through entity owner's
7 direct share of the tax imposed under section 21, and amendments
8 thereto. Subsequent to the application of all other credits allowed, if any
9 excess credit exists, such amount shall be refundable to the electing
10 pass-through entity owner. The credit allowed to an electing pass-
11 through entity owner under this subsection shall not exceed the direct
12 share of pass-through entity tax reported by such pass-through entity.

13 (b) Notwithstanding the provisions of this act ~~and K.S.A. 79-~~
14 ~~32,138(c)(vii), and amendments thereto,~~ the basis in the hands of an
15 electing pass-through entity owner in the interest in the partnership or
16 the stock or indebtedness in the S corporation shall be determined as if
17 the election under section 21, and amendments thereto, had not been
18 made.

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

25 {New Sec. 25. (a) For all tax years commencing after December 31,
26 2022, each Kansas state individual income tax return form shall contain
27 a designation as follows:

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

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

40 (c) The director of taxation of the department of revenue shall
41 determine annually the total amount designated for contribution to the
42 Kansas historic site fund pursuant to subsection (a) and shall report
43 such amount to the state treasurer, who shall credit the entire amount

1 *thereof to the Kansas historic site fund. Such fund is hereby established*
2 *in the state treasury and shall be administered by the department of*
3 *revenue. In the case where donations are made pursuant to subsection*
4 *(a), the director shall remit the entire amount thereof to the state*
5 *treasurer in accordance with the provisions of K.S.A. 75-4215, and*
6 *amendments thereto. Upon receipt of each such remittance, the state*
7 *treasurer shall deposit the entire amount in the state treasury to the*
8 *credit of the Kansas historic site fund. All moneys deposited in such fund*
9 *shall be distributed to the historic sites in accordance with the selections*
10 *of taxpayers and shall be used for the purpose of the operation,*
11 *maintenance and preservation of such sites. All expenditures from such*
12 *fund shall be made in accordance with appropriation acts upon*
13 *warrants of the director of accounts and reports issued pursuant to*
14 *vouchers approved by the secretary of revenue or the secretary's*
15 *designee.*}

16 *Sec. ~~25~~ {26.} K.S.A. 79-3220 is hereby amended to read as follows:*
17 *79-3220. (a) (1) Each individual required to file a federal income tax*
18 *return and any other individual whose gross income exceeds the sum of*
19 *such individual's applicable Kansas standard deduction amount and*
20 *Kansas personal exemption amount shall each make and sign a return*
21 *or statement stating specifically such items as are required by the forms*
22 *and rules and regulations of the secretary of revenue. If any individual*
23 *is unable to make a return, the return shall be made by a duly*
24 *authorized agent or by the guardian or other person charged with the*
25 *care of the person or property of such taxpayer. Notwithstanding any*
26 *provision of the Kansas income tax act to the contrary, all individuals*
27 *not required to file a Kansas income tax return hereunder shall not be*
28 *liable for any tax imposed pursuant to such act.*

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

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

42 *(b) Every corporation subject to taxation under this act, including,*
43 *but not limited to, all farmers, fruit growers, or like associations*

1 *organized and operated on a cooperative basis, except electric*
2 *cooperative exclusively engaged in the manufacture or distribution of*
3 *electric power for their members, shall make a return, or statement*
4 *stating specifically such items as may be required by the forms and*
5 *regulations of the secretary of revenue. The return shall be signed by the*
6 *president, vice-president, treasurer, assistant treasurer, chief accounting*
7 *officer, or any other officer so authorized to act. The fact that an*
8 *individual's name is signed on a return shall be prima facie evidence*
9 *that such individual is authorized to sign such return on behalf of such*
10 *corporation. In cases where receivers, trustees in bankruptcy or*
11 *assignees are operating the property or business of corporations, such*
12 *receivers, trustees, or assignees shall make returns for such corporations*
13 *in the same manner and form as corporations are required to make*
14 *returns. Any tax due on the basis of such returns shall be collected in the*
15 *same manner as if collected from the corporation for which the return is*
16 *made.*

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

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

31 *Sec. ~~26.~~ {27.} K.S.A. 79-32,111 is hereby amended to read as*
32 *follows: 79-32,111. (a) The amount of income tax paid to another state*
33 *by a resident individual, resident estate or resident trust on income*
34 *derived from sources in another state, and included in Kansas adjusted*
35 *gross income, shall be allowed as a credit against the tax computed*
36 *under the provisions of this act. Such credit shall not be greater in*
37 *proportion to the tax computed under this act than the Kansas adjusted*
38 *gross income for such year derived in another state while such taxpayer*
39 *is a resident of this state is to the total Kansas adjusted gross income of*
40 *the taxpayer. As used in this subsection, "state" shall have the meaning*
41 *ascribed thereto means the same as defined by subsection (h) of K.S.A. 79-*
42 *3271(i), and amendments thereto. The credit allowable hereunder for*
43 *income tax paid to a foreign country or political subdivision thereof*

1 *shall not exceed the difference of such income tax paid less the credit*
2 *allowable for such income tax paid by the federal internal revenue code.*
3 *No redetermination of income tax paid for the purposes of determining*
4 *the credit allowed by this subsection shall be required for the taxable*
5 *year for which an income tax refund payment pursuant to the provisions*
6 *of section 18 of article 10 of the Missouri constitution is made, but the*
7 *income tax paid allowable for credit in the next following taxable year*
8 *shall be reduced by the amount of such refund amount, except that, for*
9 *tax year 1998, the income tax paid allowable for credit shall be reduced*
10 *by the amount of such refunds made for all taxable years prior to tax*
11 *year 1998.*

12 *(b) There shall be allowed as a credit against the tax computed*
13 *under the provisions of the Kansas income tax act, and amendments*
14 *thereto, on the Kansas taxable income of an individual, corporation or*
15 *fiduciary the amount determined under the provisions of K.S.A. 79-*
16 *32,153 to 79-32,158, and amendments thereto.*

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

23 *Sec. ~~27~~, {28.} K.S.A. 2021 Supp. 79-32,117 is hereby amended to*
24 *read as follows: 79-32,117. (a) The Kansas adjusted gross income of an*
25 *individual means such individual's federal adjusted gross income for the*
26 *taxable year, with the modifications specified in this section.*

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

28 *(i) Interest income less any related expenses directly incurred in the*
29 *purchase of state or political subdivision obligations, to the extent that*
30 *the same is not included in federal adjusted gross income, on obligations*
31 *of any state or political subdivision thereof, but to the extent that interest*
32 *income on obligations of this state or a political subdivision thereof*
33 *issued prior to January 1, 1988, is specifically exempt from income tax*
34 *under the laws of this state authorizing the issuance of such obligations,*
35 *it shall be excluded from computation of Kansas adjusted gross income*
36 *whether or not included in federal adjusted gross income. Interest*
37 *income on obligations of this state or a political subdivision thereof*
38 *issued after December 31, 1987, shall be excluded from computation of*
39 *Kansas adjusted gross income whether or not included in federal*
40 *adjusted gross income.*

41 *(ii) Taxes on or measured by income or fees or payments in lieu of*
42 *income taxes imposed by this state or any other taxing jurisdiction to the*
43 *extent deductible in determining federal adjusted gross income and not*

1 *credited against federal income tax. This paragraph shall not apply to*
2 *taxes imposed under the provisions of K.S.A. 79-1107 or 79-1108, and*
3 *amendments thereto, for privilege tax year 1995, and all such years*
4 *thereafter.*

5 *(iii) The federal net operating loss deduction, except that the*
6 *federal net operating loss deduction shall not be added to an individual's*
7 *federal adjusted gross income for tax years beginning after December*
8 *31, 2016.*

9 *(iv) Federal income tax refunds received by the taxpayer if the*
10 *deduction of the taxes being refunded resulted in a tax benefit for*
11 *Kansas income tax purposes during a prior taxable year. Such refunds*
12 *shall be included in income in the year actually received regardless of*
13 *the method of accounting used by the taxpayer. For purposes hereof, a*
14 *tax benefit shall be deemed to have resulted if the amount of the tax had*
15 *been deducted in determining income subject to a Kansas income tax for*
16 *a prior year regardless of the rate of taxation applied in such prior year*
17 *to the Kansas taxable income, but only that portion of the refund shall*
18 *be included as bears the same proportion to the total refund received as*
19 *the federal taxes deducted in the year to which such refund is*
20 *attributable bears to the total federal income taxes paid for such year.*
21 *For purposes of the foregoing sentence, federal taxes shall be*
22 *considered to have been deducted only to the extent such deduction does*
23 *not reduce Kansas taxable income below zero.*

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

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

32 *(vii) The amount of any charitable contribution made to the extent*
33 *the same is claimed as the basis for the credit allowed pursuant to K.S.A.*
34 *79-32,196, and amendments thereto.*

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

39 *(ix) The amount of any ad valorem taxes and assessments paid and*
40 *the amount of any costs incurred for habitat management or*
41 *construction and maintenance of improvements on real property,*
42 *claimed for deduction in determining federal adjusted gross income, to*
43 *the extent the same is claimed as the basis for any credit allowed*

1 *pursuant to K.S.A. 79-32,203, and amendments thereto.*

2 *(x) Amounts received as nonqualified withdrawals, as defined by*
3 *K.S.A. 75-643, and amendments thereto, if, at the time of contribution to*
4 *a family postsecondary education savings account, such amounts were*
5 *subtracted from the federal adjusted gross income pursuant to K.S.A.*
6 *79-32,117(c)(xv), and amendments thereto, or if such amounts are not*
7 *already included in the federal adjusted gross income.*

8 *(xi) The amount of any contribution made to the same extent the*
9 *same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-*
10 *50,154, and amendments thereto.*

11 *(xii) For taxable years commencing after December 31, 2004,*
12 *amounts received as withdrawals not in accordance with the provisions*
13 *of K.S.A. 74-50,204, and amendments thereto, if, at the time of*
14 *contribution to an individual development account, such amounts were*
15 *subtracted from the federal adjusted gross income pursuant to*
16 *subsection (c)(xiii), or if such amounts are not already included in the*
17 *federal adjusted gross income.*

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

22 *(xiv) 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. 79-32,221, and amendments*
25 *thereto.*

26 *(xv) The amount of any expenditures claimed for deduction in*
27 *determining federal adjusted gross income, to the extent the same is*
28 *claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223*
29 *through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-*
30 *32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or*
31 *79-32,251 through 79-32,254, and amendments thereto.*

32 *(xvi) The amount of any amortization deduction claimed in*
33 *determining federal adjusted gross income to the extent the same is*
34 *claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-*
35 *32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.*

36 *(xvii) The amount of any amortization deduction claimed in*
37 *determining federal adjusted gross income to the extent the same is*
38 *claimed for deduction pursuant to K.S.A. 79-32,256, and amendments*
39 *thereto.*

40 *(xviii) For taxable years commencing after December 31, 2006, the*
41 *amount of any ad valorem or property taxes and assessments paid to a*
42 *state other than Kansas or local government located in a state other than*
43 *Kansas by a taxpayer who resides in a state other than Kansas, when the*

1 *law of such state does not allow a resident of Kansas who earns income*
2 *in such other state to claim a deduction for ad valorem or property taxes*
3 *or assessments paid to a political subdivision of the state of Kansas in*
4 *determining taxable income for income tax purposes in such other state,*
5 *to the extent that such taxes and assessments are claimed as an itemized*
6 *deduction for federal income tax purposes.*

7 *(xix) For taxable years beginning after December 31, 2012, and*
8 *ending before January 1, 2017, the amount of any: (1) Loss from*
9 *business as determined under the federal internal revenue code and*
10 *reported from schedule C and on line 12 of the taxpayer's form 1040*
11 *federal individual income tax return; (2) loss from rental real estate,*
12 *royalties, partnerships, S corporations, except those with wholly owned*
13 *subsidiaries subject to the Kansas privilege tax, estates, trusts, residual*
14 *interest in real estate mortgage investment conduits and net farm rental*
15 *as determined under the federal internal revenue code and reported*
16 *from schedule E and on line 17 of the taxpayer's form 1040 federal*
17 *individual income tax return; and (3) farm loss as determined under the*
18 *federal internal revenue code and reported from schedule F and on line*
19 *18 of the taxpayer's form 1040 federal income tax return; all to the*
20 *extent deducted or subtracted in determining the taxpayer's federal*
21 *adjusted gross income. For purposes of this subsection, references to the*
22 *federal form 1040 and federal schedule C, schedule E, and schedule F,*
23 *shall be to such form and schedules as they existed for tax year 2011,*
24 *and as revised thereafter by the internal revenue service.*

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

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

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

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

7 *(xxiv) For taxable years commencing after December 31, 2013, that*
8 *portion of the amount of any expenditure deduction claimed in*
9 *determining federal adjusted gross income for expenses paid for medical*
10 *care of the taxpayer or the taxpayer's spouse or dependents when such*
11 *expenses were paid or incurred for an abortion, or for a health benefit*
12 *plan, as defined in K.S.A. 65-6731, and amendments thereto, for the*
13 *purchase of an optional rider for coverage of abortion in accordance*
14 *with K.S.A. 40-2,190, and amendments thereto, to the extent that such*
15 *taxes and assessments are claimed as an itemized deduction for federal*
16 *income tax purposes.*

17 *(xxv) For taxable years commencing after December 31, 2013, that*
18 *portion of the amount of any expenditure deduction claimed in*
19 *determining federal adjusted gross income for expenses paid by a*
20 *taxpayer for health care when such expenses were paid or incurred for*
21 *abortion coverage, a health benefit plan, as defined in K.S.A. 65-6731,*
22 *and amendments thereto, when such expenses were paid or incurred for*
23 *abortion coverage or amounts contributed to health savings accounts for*
24 *such taxpayer's employees for the purchase of an optional rider for*
25 *coverage of abortion in accordance with K.S.A. 40-2,190, and*
26 *amendments thereto, to the extent that such taxes and assessments are*
27 *claimed as a deduction for federal income tax purposes.*

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

33 *(xxvii) For all taxable years beginning after December 31, 2021, the*
34 *amount of any contributions to, or earnings from, a first-time home buyers*
35 *savings account if distributions from the account were not used to pay for*
36 *expenses or transactions authorized pursuant to K.S.A. 2021 Supp. 58-*
37 *4904, and amendments thereto, or were not held for the minimum length of*
38 *time required pursuant to K.S.A. 2021 Supp. 58-4904, and amendments*
39 *thereto. Contributions to, or earnings from, such account shall also*
40 *include any amount resulting from the account holder not designating a*
41 *surviving transfer on death beneficiary pursuant to K.S.A. 2021 Supp. 58-*
42 *4904(e), and amendments thereto.*

43 *(xxviii)(xxviii) For all taxable years commencing after December*

1 31, 2020, the amount deducted by reason of a carryforward of
2 disallowed business interest pursuant to section 163(j) of the federal
3 internal revenue code of 1986, as in effect on January 1, 2018.

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 income
16 tax purposes than for federal income tax purposes on the date such
17 property was sold or disposed of in a transaction in which gain or loss
18 was recognized for purposes of federal income tax that does not exceed
19 such difference in basis, but if a gain is considered a long-term capital
20 gain for federal income tax purposes, the modification shall be limited to
21 that portion of such gain which is included in federal adjusted gross
22 income.

23 (iv) The amount necessary to prevent the taxation under this act of
24 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 for
26 a taxable year prior to the effective date of this act, as amended, to the
27 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 on
31 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 in
33 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 federal
36 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 for
41 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) and

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

2 (ix) Amounts received by retired employees of a city and by retired
3 employees of any board of such city as retirement allowances pursuant
4 to K.S.A. 13-14,106, and amendments thereto, or pursuant to any
5 charter ordinance exempting a city from the provisions of K.S.A. 13-
6 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. § 280C. For taxable years ending after
10 December 31, 1978, the amount of the targeted jobs tax credit and work
11 incentive credit, work opportunity tax credit and similar disallowances
12 under 26 U.S.C. § 280C. {For taxable years beginning after December
13 31, 2019, the provisions of this paragraph shall also apply to the
14 employee retention credit.}

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

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

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

25 (xiv) For all taxable years commencing after December 31, 1996,
26 that portion of any income of a bank organized under the laws of this
27 state or any other state, a national banking association organized under
28 the laws of the United States, an association organized under the savings
29 and loan code of this state or any other state, or a federal savings
30 association organized under the laws of the United States, for which an
31 election as an S corporation under subchapter S of the federal internal
32 revenue code is in effect, which accrues to the taxpayer who is a
33 stockholder of such corporation and which is not distributed to the
34 stockholders as dividends of the corporation. For taxable years
35 beginning after December 31, 2012, and ending before January 1, 2017,
36 the amount of modification under this subsection shall exclude the
37 portion of income or loss reported on schedule E and included on line
38 17 of the taxpayer's form 1040 federal individual income tax return.

39 (xv) For all taxable years beginning after December 31, 2017, the
40 cumulative amounts not exceeding \$3,000, or \$6,000 for a married
41 couple filing a joint return, for each designated beneficiary that are
42 contributed to: (1) A family postsecondary education savings account
43 established under the Kansas postsecondary education savings program

1 *or a qualified tuition program established and maintained by another*
2 *state or agency or instrumentality thereof pursuant to section 529 of the*
3 *internal revenue code of 1986, as amended, for the purpose of paying*
4 *the qualified higher education expenses of a designated beneficiary; or*
5 *(2) an achieving a better life experience (ABLE) account established*
6 *under the Kansas ABLE savings program or a qualified ABLE program*
7 *established and maintained by another state or agency or*
8 *instrumentality thereof pursuant to section 529A of the internal revenue*
9 *code of 1986, as amended, for the purpose of saving private funds to*
10 *support an individual with a disability. The terms and phrases used in*
11 *this paragraph shall have the meaning respectively ascribed thereto by*
12 *the provisions of K.S.A. 75-643 and 75-652, and amendments thereto,*
13 *and the provisions of such sections are hereby incorporated by reference*
14 *for all purposes thereof.*

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

26 *(xvii) For all taxable years beginning after December 31, 2004,*
27 *amounts received by taxpayers who are eligible members of the Kansas*
28 *army and air national guard as a reimbursement pursuant to K.S.A. 48-*
29 *281, and amendments thereto, and amounts received for death benefits*
30 *pursuant to K.S.A. 48-282, and amendments thereto, to the extent that*
31 *such death benefits are included in federal adjusted gross income of the*
32 *taxpayer.*

33 *(xviii) For the taxable year beginning after December 31, 2006,*
34 *amounts received as benefits under the federal social security act which*
35 *are included in federal adjusted gross income of a taxpayer with federal*
36 *adjusted gross income of \$50,000 or less, whether such taxpayer's filing*
37 *status is single, head of household, married filing separate or married*
38 *filing jointly; and for all taxable years beginning after December 31,*
39 *2007, amounts received as benefits under the federal social security act*
40 *which are included in federal adjusted gross income of a taxpayer with*
41 *federal adjusted gross income of \$75,000 or less, whether such*
42 *taxpayer's filing status is single, head of household, married filing*
43 *separate or married filing jointly.*

1 *(xix) Amounts received by retired employees of Washburn*
2 *university as retirement and pension benefits under the university's*
3 *retirement plan.*

4 *(xx) For taxable years beginning after December 31, 2012, and*
5 *ending before January 1, 2017, the amount of any: (1) Net profit from*
6 *business as determined under the federal internal revenue code and*
7 *reported from schedule C and on line 12 of the taxpayer's form 1040*
8 *federal individual income tax return; (2) net income, not including*
9 *guaranteed payments as defined in section 707(c) of the federal internal*
10 *revenue code and as reported to the taxpayer from federal schedule K-1,*
11 *(form 1065-B), in box 9, code F or as reported to the taxpayer from*
12 *federal schedule K-1, (form 1065) in box 4, from rental real estate,*
13 *royalties, partnerships, S corporations, estates, trusts, residual interest in*
14 *real estate mortgage investment conduits and net farm rental as*
15 *determined under the federal internal revenue code and reported from*
16 *schedule E and on line 17 of the taxpayer's form 1040 federal individual*
17 *income tax return; and (3) net farm profit as determined under the*
18 *federal internal revenue code and reported from schedule F and on line*
19 *18 of the taxpayer's form 1040 federal income tax return; all to the*
20 *extent included in the taxpayer's federal adjusted gross income. For*
21 *purposes of this subsection, references to the federal form 1040 and*
22 *federal schedule C, schedule E, and schedule F, shall be to such form*
23 *and schedules as they existed for tax year 2011 and as revised thereafter*
24 *by the internal revenue service.*

25 *(xxi) For all taxable years beginning after December 31, 2013,*
26 *amounts equal to the unreimbursed travel, lodging and medical*
27 *expenditures directly incurred by a taxpayer while living, or a dependent*
28 *of the taxpayer while living, for the donation of one or more human*
29 *organs of the taxpayer, or a dependent of the taxpayer, to another person*
30 *for human organ transplantation. The expenses may be claimed as a*
31 *subtraction modification provided for in this section to the extent the*
32 *expenses are not already subtracted from the taxpayer's federal adjusted*
33 *gross income. In no circumstances shall the subtraction modification*
34 *provided for in this section for any individual, or a dependent, exceed*
35 *\$5,000. As used in this section, "human organ" means all or part of a*
36 *liver, pancreas, kidney, intestine, lung or bone marrow. The provisions*
37 *of this paragraph shall take effect on the day the secretary of revenue*
38 *certifies to the director of the budget that the cost for the department of*
39 *revenue of modifications to the automated tax system for the purpose of*
40 *implementing this paragraph will not exceed \$20,000.*

41 *(xxii) For taxable years beginning after December 31, 2012, and*
42 *ending before January 1, 2017, the amount of net gain from the sale of:*
43 *(1) Cattle and horses, regardless of age, held by the taxpayer for draft,*

1 *breeding, dairy or sporting purposes, and held by such taxpayer for 24*
2 *months or more from the date of acquisition; and (2) other livestock,*
3 *regardless of age, held by the taxpayer for draft, breeding, dairy or*
4 *sporting purposes, and held by such taxpayer for 12 months or more*
5 *from the date of acquisition. The subtraction from federal adjusted gross*
6 *income shall be limited to the amount of the additions recognized under*
7 *the provisions of subsection (b)(xix) attributable to the business in which*
8 *the livestock sold had been used. As used in this paragraph, the term*
9 *"livestock" shall not include poultry.*

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

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

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

25 ~~*(xxv)*~~*(xxvi) For all taxable years commencing after December 31,*
26 *2020, 100% of global intangible low-taxed income under section 951A of*
27 *the federal internal revenue code of 1986, before any deductions allowed*
28 *under section 250(a)(1)(B) of such code.*

29 ~~*(xxvi)*~~*(xxvii) For all taxable years commencing after December 31,*
30 *2020, the amount disallowed as a deduction pursuant to section 163(j) of*
31 *the federal internal revenue code of 1986, as in effect on January 1,*
32 *2018.*

33 ~~*(xxvii)*~~*(xxviii) For taxable years commencing after December 31,*
34 *2020, the amount disallowed as a deduction pursuant to section 274 of*
35 *the federal internal revenue code of 1986 for meal expenditures shall be*
36 *allowed to the extent such expense was deductible for determining*
37 *federal income tax and was allowed and in effect on December 31, 2017.*

38 *(xxix) For taxable years beginning after December 31, 2017, for an*
39 *individual taxpayer who carried back federal net operating losses arising*
40 *in a taxable year beginning after December 31, 2017, and before January*
41 *1, 2021, pursuant to section 172(b)(1) of the federal internal revenue code*
42 *as amended by the coronavirus aid, relief, and economic security act*
43 *(CARES act), the amount of such federal net operating loss carryback for*

1 *each applicable year. If the amount of such federal net operating loss*
2 *carryback exceeds the taxpayer's Kansas adjusted gross income for such*
3 *taxable year, the amount thereof that exceeds such Kansas adjusted gross*
4 *income may be carried forward as a subtraction modification in the*
5 *following taxable year or years until the total amount of such federal net*
6 *operating loss carryback has been deducted, except that no such unused*
7 *amount shall be carried forward for deduction as a subtraction*
8 *modification after the 20th taxable year following the taxable year of the*
9 *net operating loss.*

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

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

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

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

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

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

39 *(2) For tax-year years 2021 and 2022, ~~and all tax years thereafter,~~*
40 *the standard deduction amount of an individual, including husband and*
41 *wife who are either both residents or who file a joint return as if both*
42 *were residents, shall be as follows: Single individual filing status,*
43 *\$3,500; married filing status, \$8,000; and head of household filing*

1 **status, \$6,000.**

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

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

13 ~~Sec. 29.~~ {30.} *K.S.A. 2021 Supp. 79-32,138 is hereby amended to*
14 *read as follows: 79-32,138. (a) Kansas taxable income of a corporation*
15 *taxable under this act shall be the corporation's federal taxable income*
16 *for the taxable year with the modifications specified in this section,*
17 *except that in determination of such federal taxable income for all*
18 *taxable years commencing after December 31, 2020, section 118 of the*
19 *federal internal revenue code of 1986 shall be applied as in effect on*
20 *December 21, 2017.*

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

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

25 (ii) *the amount of all depreciation deductions claimed for any*
26 *property upon which the deduction allowed by K.S.A. 79-32,221, 79-*
27 *32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-*
28 *32,256, and amendments thereto, is claimed;*

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

32 (iv) *for taxable years commencing December 31, 2013, that portion*
33 *of the amount of any expenditure deduction claimed in determining*
34 *federal adjusted gross income for expenses paid by a taxpayer for health*
35 *care when such expenses were paid or incurred for abortion coverage, a*
36 *health benefit plan, as defined in K.S.A. 65-6731, and amendments*
37 *thereto, when such expenses were paid or incurred for abortion*
38 *coverage or amounts contributed to health savings accounts for such*
39 *taxpayer's employees for the purchase of an optional rider for coverage*
40 *of abortion in accordance with K.S.A. 40-2,190, and amendments*
41 *thereto;*

42 (v) *the amount of any charitable contribution deduction claimed for*
43 *any contribution or gift made to a scholarship granting organization to*

1 *the extent the same is claimed as the basis for the credit allowed*
2 *pursuant to K.S.A. 72-4357, and amendments thereto;*

3 *(vi) the federal net operating loss deduction; ~~and~~ {and}*

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

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

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

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

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

29 *(iii) an amount for the amortization deduction allowed pursuant to*
30 *K.S.A. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-*
31 *32,250, 79-32,255 or 79-32,256, and amendments thereto;*

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

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

1 *K.S.A. 79-32,138(b)(vii), and amendments thereto; and {and}*

2 *(vi) for all taxable years commencing after December 31, 2020, the*
3 *amount disallowed as a deduction pursuant to section 162(r) of the*
4 *federal internal revenue code of 1986, as in effect on January 1, 2018;*
5 *and*

6 ~~*(vii) for taxable years commencing after December 31, 2021, an*~~
7 ~~*amount equal to the electing pass-through entity owner's distributive share*~~
8 ~~*of the electing pass-through entity's income attributable to the state that is*~~
9 ~~*taxed pursuant to the provisions of the salt parity act.*~~

10 *(d) If any corporation derives all of its income from sources within*
11 *Kansas in any taxable year commencing after December 31, 1979, its*
12 *Kansas taxable income shall be the sum resulting after application of*
13 *subsections (a) through (c). Otherwise, such corporation's Kansas*
14 *taxable income in any such taxable year, after excluding any refunds of*
15 *federal income tax and before the deduction of federal income taxes*
16 *provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-*
17 *3271 through 79-3293, and amendments thereto, plus any refund of*
18 *federal income tax as determined under K.S.A. 79-32,117(b)(iv), and*
19 *amendments thereto, and minus the deduction for federal income taxes*
20 *as provided by subsection (c)(ii) shall be such corporation's Kansas*
21 *taxable income.*

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

28 ~~*Sec. 30.*~~ *{31.} K.S.A. 2021 Supp. 79-32,143 is hereby amended to*
29 *read as follows: 79-32,143. (a) (1) (A) For net operating losses incurred*
30 *in taxable years prior to January 1, 2018, a net operating loss deduction*
31 *shall be allowed in the same manner that it is allowed under the federal*
32 *internal revenue code, except that such net operating loss may only be*
33 *carried forward to each of the 10 taxable years following the taxable*
34 *year of the net operating loss.*

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

40 *(2) For net operating farm losses, as defined by section 172 of the*
41 *federal internal revenue code, incurred in taxable years beginning after*
42 *December 31, 1999, a net operating loss deduction shall be allowed in*
43 *the same manner that it is allowed under the federal internal revenue*

1 *code except that such net operating loss may be carried forward to each*
2 *of the 10 taxable years following the taxable year of the net operating*
3 *loss.*

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

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

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

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

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

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

1 *exceed \$1,500 in any year.*

2 *(g) For tax year 2013, and all tax years thereafter, a net operating*
3 *loss allowed by this section shall only be available to taxpayers subject to*
4 *the income tax on corporations imposed pursuant to K.S.A. 79-*
5 *32,110(c), and amendments thereto, and used only to determine such*
6 *taxpayer's corporate income tax liability.*

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

17 *{Sec. 32. K.S.A. 79-32,261 is hereby amended to read as follows:*
18 *79-32,261. (a) (1) On and after July 1, 2008, any taxpayer who*
19 *contributes in the manner prescribed by this ~~section~~ paragraph to a*
20 *community college located in Kansas for capital improvements, to a*
21 *technical college for deferred maintenance or the purchase of*
22 *technology or equipment or to a postsecondary educational institution*
23 *located in Kansas for deferred maintenance, shall be allowed a credit*
24 *against the tax imposed by the Kansas income tax act, the premium tax*
25 *or privilege fees imposed pursuant to K.S.A. 40-252, and amendments*
26 *thereto, or the privilege tax as measured by net income of financial*
27 *institutions imposed pursuant to article 11 of chapter 79 of the Kansas*
28 *Statutes Annotated, and amendments thereto. The tax credit allowed by*
29 *this ~~section~~ paragraph is applicable for the tax year 2008 for any*
30 *contributions made on and after July 1, 2008, and for the tax years*
31 *2009, 2010, 2011 and 2012 for any contributions made during the entire*
32 *tax year. The amount of the credit allowed by this ~~section~~ paragraph*
33 *shall not exceed 60% of the total amount contributed during the taxable*
34 *year by the taxpayer to a community college or a technical college*
35 *located in Kansas for such purposes. The amount of the credit allowed*
36 *by this ~~section~~ paragraph shall not exceed 50% of the total amount*
37 *contributed during the taxable year by the taxpayer to a postsecondary*
38 *educational institution for such purposes. If the amount of the credit*
39 *allowed by this ~~section~~ paragraph for a taxpayer who contributes to a*
40 *community college or a technical college exceeds the taxpayer's income*
41 *tax liability imposed by the Kansas income tax act, such excess amount*
42 *shall be refunded to the taxpayer. If the amount of the tax credit for a*
43 *taxpayer who contributes to a postsecondary educational institution*

1 *exceeds the taxpayer's income tax liability for the taxable year, the*
2 *amount which exceeds the tax liability may be carried over for deduction*
3 *from the taxpayer's income tax liability in the next succeeding taxable*
4 *year or years until the total amount of the tax credit has been deducted*
5 *from tax liability, except that no such tax credit shall be carried over for*
6 *deduction after the third taxable year succeeding the taxable year in*
7 *which the contribution is made. Prior to the issuance of any tax credits*
8 *pursuant to this ~~section~~ paragraph, the structure of the process in which*
9 *contributions received by a community college, a technical college or a*
10 *postsecondary educational institution qualify as tax credits allowed and*
11 *issued pursuant to this ~~section~~ paragraph shall be developed by a*
12 *community college, a technical college and a postsecondary educational*
13 *institution in consultation with the secretary of revenue and the*
14 *foundation or endowment association of any such community college,*
15 *technical college or postsecondary educational institution in a manner*
16 *that complies with requirements specified in the federal internal revenue*
17 *code of 1986, as amended, so that contributions qualify as charitable*
18 *contributions allowable as deductions from federal adjusted gross*
19 *income.*

20 (2) *On and after July 1, 2022, any taxpayer who contributes in the*
21 *manner prescribed by this paragraph to a community college or technical*
22 *college located in Kansas for capital improvements, deferred maintenance*
23 *or the purchase of technology or equipment shall be allowed a credit*
24 *against the tax imposed by the Kansas income tax act, the premium tax or*
25 *privilege fees imposed pursuant to K.S.A. 40-252, and amendments*
26 *thereto, or the privilege tax as measured by net income of financial*
27 *institutions imposed pursuant to article 11 of chapter 79 of the Kansas*
28 *Statutes Annotated, and amendments thereto. The tax credit allowed by*
29 *this paragraph is applicable for the tax year 2022 for any contributions*
30 *made on and after July 1, 2022, and for the tax years 2023, 2024, 2025*
31 *and 2026 for any contributions made during the entire tax year. The*
32 *amount of the credit allowed by this paragraph shall equal 60% of the*
33 *total amount contributed during the taxable year by the taxpayer to a*
34 *community college or a technical college located in Kansas for such*
35 *purposes. If the amount of the credit allowed by this paragraph for a*
36 *taxpayer who contributes to a community college or technical college*
37 *exceeds the taxpayer's income tax liability imposed by the Kansas income*
38 *tax act, such excess amount shall not be refunded to the taxpayer. Prior to*
39 *the issuance of any tax credits pursuant to this paragraph, the structure of*
40 *the process in which contributions received by a community college or*
41 *technical college qualify as tax credits allowed and issued pursuant to this*
42 *paragraph shall be developed by a community college and technical*
43 *college in consultation with the secretary of revenue and the foundation or*

1 endowment association of any such community college or technical
2 college in a manner that complies with requirements specified in the
3 federal internal revenue code of 1986, as amended, so that contributions
4 qualify as charitable contributions allowable as deductions from federal
5 adjusted gross income.

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

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

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

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

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

42 **(2)** In no event shall the total of credits allowed under ~~this section~~
43 subsection (a)(1) for taxpayers who contribute to postsecondary

1 *educational institutions exceed the following amounts: For the tax year*
2 *2008, an amount not to exceed \$5,625,000; for the tax year 2009, an*
3 *amount not to exceed \$11,250,000; and for the tax years 2010, 2011 and*
4 *2012, an amount not to exceed \$15,000,000. Except as otherwise*
5 *provided, the allocation of such tax credits for each individual state*
6 *educational institution shall be determined by the state board of regents*
7 *in consultation with the secretary of revenue and the university*
8 *foundation or endowment association of each postsecondary educational*
9 *institution, and such determination shall be completed prior to the*
10 *issuance of any tax credits pursuant to this section subsection (a)(1). Not*
11 *more than 40% of the total of credits allowed under this section*
12 *subsection (a)(1) shall be allocated to any one postsecondary educational*
13 *institution unless all such postsecondary educational institutions*
14 *approve an allocation to any one such postsecondary educational*
15 *institution which exceeds 40% of the total of such credits allowed under*
16 *this section subsection (a)(1).*

17 (3) *For the tax years 2022 through 2026, the amount of such credit*
18 *awarded under subsection (a)(2) for each taxpayer shall not exceed*
19 *\$500,000 per tax year.*

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

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

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

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

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

1 (4) *"technical college" means a technical college as designated*
2 *pursuant to K.S.A. 74-32,458, 74-32,460, 74-32,461, 74-32,462*~~and, 74-~~
3 *32,464; and 74-32,465, and amendments thereto, and the institute of*
4 *technology at Washburn university.*

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

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

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

41 Sec. ~~20-31~~ {33.} K.S.A. 79-3220, ~~and~~ 79-32,111 {and 79-32,261}
42 *and K.S.A. 2021 Supp. 79-32,117, 79-32,117q, 79-32,119, 79-32,138 and*
43 *79-32,143*~~is~~ *are hereby repealed.*

1 Sec. ~~21.32~~ {34,} This act shall take effect and be in force from and
2 after its publication in the statute book.