

HOUSE BILL No. 2197

By Committee on Financial Institutions and Pensions

1-26

1 AN ACT concerning financial institutions; relating to the first-time home
2 buyer savings account act; **authorizing the state treasurer to market**
3 **the first-time home buyer savings account program to account**
4 **holders and financial institutions**; providing a procedure for the
5 distribution of the account balance upon the death of an account holder;
6 changing the term "transfer on death" to "payable on death" regarding
7 beneficiaries; resolving a conflict when beneficiaries differ on a
8 financial institution's account records and on first-time home buyer
9 savings account tax forms required by the secretary of revenue;
10 amending K.S.A. 2022 Supp. 58-4903, 58-4904, 58-4906 and 79-
11 32,117 and repealing the existing sections.
12

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

14 **New Section 1. (a) The state treasurer may have non-exclusive**
15 **authority to market the first-time home buyer savings account**
16 **program to account holders and financial institutions throughout the**
17 **state and may report on the marketing initiatives in the state**
18 **treasurer's office annual report.**

19 **(b) This section shall be a part of and supplemental to the first-**
20 **time home buyer savings account act.**

21 ~~Section 1.~~ **Sec. 2.** K.S.A. 2022 Supp. 58-4903 is hereby amended to
22 read as follows: 58-4903. (a) On and after July 1, 2022, any individual
23 may open an account with a financial institution and designate the account,
24 in its entirety, as a first-time home buyer savings account to be used to pay
25 or reimburse a designated beneficiary's eligible expenses for the purchase
26 or construction of a primary residence in this state. An individual may be
27 the account holder of multiple accounts and an individual may jointly own
28 the account with another individual if such individuals file a joint income
29 tax return. An account holder shall comply with the requirements of this
30 act to be eligible for the modifications set forth in K.S.A. 79-32,117, and
31 amendments thereto.

32 (b) (I) An account holder shall designate, no later than April 15 of the
33 year following the taxable year during which the account is established, a
34 first-time home buyer as the designated beneficiary of the account.

1 Nothing in this section shall prohibit an account holder from designating
2 such account holder as the designated beneficiary of an account. An
3 account holder may change the designated beneficiary at any time, but no
4 account shall have more than one designated beneficiary at any time. An
5 individual may be designated as the designated beneficiary of more than
6 one account if such accounts are held by separate account holders. No
7 account holder shall be authorized to designate the same designated
8 beneficiary on multiple accounts held by such account owner.

9 *(2) The naming of a designated beneficiary shall not create a*
10 *survivorship interest in the account for such designated beneficiary. In the*
11 *event of the death of an account holder, the balance of such account shall*
12 *be paid to the payable on death beneficiary in accordance with K.S.A. 9-*
13 *1215, and amendments thereto, or, in the absence of a named payable on*
14 *death beneficiary, in accordance with the provisions of the Kansas probate*
15 *code.*

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

18 (A) The maximum contribution to an account in any tax year shall be
19 \$3,000 for an individual and \$6,000 for a married couple filing a joint
20 return;

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

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

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

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

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

36 ~~Sec. 2.~~ **3.** K.S.A. 2022 Supp. 58-4904 is hereby amended to read as
37 follows: 58-4904. (a) (1) The moneys in a first-time home buyer savings
38 account may be:

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

41 (B) used for eligible expenses related to a designated beneficiary's
42 purchase or construction of a primary residence located outside of this
43 state if such designated beneficiary is active-duty military and was

1 stationed in Kansas for any time after the creation of the account;

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

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

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

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

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

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

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

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

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

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

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

41 Sec. ~~3~~ 4. K.S.A. 2022 Supp. 58-4906 is hereby amended to read as
42 follows: 58-4906. (a) No financial institution shall be required to:

43 (1) Designate an account as a first-time home buyer savings account

1 or designate the beneficiaries of an account in the financial institution's
2 account contracts or systems or in any other way;

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

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

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

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

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

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

14 (c) *A financial institution may rely on such financial institution's*
15 *account records for determining a payable on death beneficiary for a first-*
16 *time home buyer savings account. If the payable on death beneficiary in a*
17 *financial institution's account records conflicts with the designated*
18 *beneficiary on any form required by the secretary under the first-time*
19 *home buyer savings account act, the payable on death beneficiary in such*
20 *financial institution's account records shall control.*

21 ~~Sec. 4.~~ **5.** K.S.A. 2022 Supp. 79-32,117 is hereby amended to read as
22 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
23 means such individual's federal adjusted gross income for the taxable year,
24 with the modifications specified in this section.

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

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

39 (ii) Taxes on or measured by income or fees or payments in lieu of
40 income taxes imposed by this state or any other taxing jurisdiction to the
41 extent deductible in determining federal adjusted gross income and not
42 credited against federal income tax. This paragraph shall not apply to taxes
43 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and

1 amendments thereto, for privilege tax year 1995, and all such years
2 thereafter.

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

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

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

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

29 (vii) The amount of any charitable contribution made to the extent the
30 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
31 32,196, and amendments thereto.

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

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

42 (x) Amounts received as nonqualified withdrawals, as defined by
43 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a

1 family postsecondary education savings account, such amounts were
2 subtracted from the federal adjusted gross income pursuant to ~~K.S.A. 79-~~
3 ~~32,117(c)(xv), and amendments thereto,~~ *subsection (c)(xv)* or if such
4 amounts are not already included in the federal adjusted gross income.

5 (xi) The amount of any contribution made to the same extent the
6 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
7 50,154, and amendments thereto.

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

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

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

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

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

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

37 (xviii) For taxable years commencing after December 31, 2006, the
38 amount of any ad valorem or property taxes and assessments paid to a state
39 other than Kansas or local government located in a state other than Kansas
40 by a taxpayer who resides in a state other than Kansas, when the law of
41 such state does not allow a resident of Kansas who earns income in such
42 other state to claim a deduction for ad valorem or property taxes or
43 assessments paid to a political subdivision of the state of Kansas in

1 determining taxable income for income tax purposes in such other state, to
2 the extent that such taxes and assessments are claimed as an itemized
3 deduction for federal income tax purposes.

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

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

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

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

41 (xxiii) For taxable years beginning after December 31, 2012, and
42 ending before January 1, 2017, the amount of any deduction for domestic
43 production activities under section 199 of the federal internal revenue code

1 as in effect on January 1, 2012, and amendments thereto, in determining
2 the federal adjusted gross income of an individual taxpayer.

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

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

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

29 (xxvii) For all taxable years commencing after December 31, 2020,
30 the amount deducted by reason of a carryforward of disallowed business
31 interest pursuant to section 163(j) of the federal internal revenue code of
32 1986, as in effect on January 1, 2018.

33 (xxviii) For all taxable years beginning after December 31, 2021, the
34 amount of any contributions to, or earnings from, a first-time home buyer
35 savings account if distributions from the account were not used to pay for
36 expenses or transactions authorized pursuant to K.S.A. 2022 Supp. 58-
37 4904, and amendments thereto, or were not held for the minimum length
38 of time required pursuant to K.S.A. 2022 Supp. 58-4904, and amendments
39 thereto. Contributions to, or earnings from, such account shall also include
40 any amount resulting from the account holder not designating a surviving
41 ~~transfer~~ *payable* on death beneficiary pursuant to K.S.A. 2022 Supp. 58-
42 4904(e), and amendments thereto.

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

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

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

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

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

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

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

32 (vii) Amounts received as annuities under the federal civil service
33 retirement system from the civil service retirement and disability fund and
34 other amounts received as retirement benefits in whatever form which
35 were earned for being employed by the federal government or for service
36 in the armed forces of the United States.

37 (viii) Amounts received by retired railroad employees as a
38 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
39 228c(a)(1) et seq.

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

1 amendments thereto.

2 (x) For taxable years beginning after December 31, 1976, the amount
3 of the federal tentative jobs tax credit disallowance under the provisions of
4 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
5 amount of the targeted jobs tax credit and work incentive credit
6 disallowances under 26 U.S.C. § 280C.

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

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

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

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

31 (xv) For all taxable years beginning after December 31, 2017, the
32 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
33 filing a joint return, for each designated beneficiary that are contributed to:
34 (1) A family postsecondary education savings account established under
35 the Kansas postsecondary education savings program or a qualified tuition
36 program established and maintained by another state or agency or
37 instrumentality thereof pursuant to section 529 of the internal revenue
38 code of 1986, as amended, for the purpose of paying the qualified higher
39 education expenses of a designated beneficiary; or (2) an achieving a
40 better life experience (ABLE) account established under the Kansas ABLE
41 savings program or a qualified ABLE program established and maintained
42 by another state or agency or instrumentality thereof pursuant to section
43 529A of the internal revenue code of 1986, as amended, for the purpose of

1 saving private funds to support an individual with a disability. The terms
2 and phrases used in this paragraph shall have the meaning respectively
3 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
4 amendments thereto, and the provisions of such sections are hereby
5 incorporated by reference for all purposes thereof.

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

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

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

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

36 (xx) For taxable years beginning after December 31, 2012, and
37 ending before January 1, 2017, the amount of any: (1) Net profit from
38 business as determined under the federal internal revenue code and
39 reported from schedule C and on line 12 of the taxpayer's form 1040
40 federal individual income tax return; (2) net income, not including
41 guaranteed payments as defined in section 707(c) of the federal internal
42 revenue code and as reported to the taxpayer from federal schedule K-1,
43 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal

1 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
2 partnerships, S corporations, estates, trusts, residual interest in real estate
3 mortgage investment conduits and net farm rental as determined under the
4 federal internal revenue code and reported from schedule E and on line 17
5 of the taxpayer's form 1040 federal individual income tax return; and (3)
6 net farm profit as determined under the federal internal revenue code and
7 reported from schedule F and on line 18 of the taxpayer's form 1040
8 federal income tax return; all to the extent included in the taxpayer's
9 federal adjusted gross income. For purposes of this subsection, references
10 to the federal form 1040 and federal schedule C, schedule E, and schedule
11 F, shall be to such form and schedules as they existed for tax year 2011
12 and as revised thereafter by the internal revenue service.

13 (xxi) For all taxable years beginning after December 31, 2013,
14 amounts equal to the unreimbursed travel, lodging and medical
15 expenditures directly incurred by a taxpayer while living, or a dependent
16 of the taxpayer while living, for the donation of one or more human organs
17 of the taxpayer, or a dependent of the taxpayer, to another person for
18 human organ transplantation. The expenses may be claimed as a
19 subtraction modification provided for in this section to the extent the
20 expenses are not already subtracted from the taxpayer's federal adjusted
21 gross income. In no circumstances shall the subtraction modification
22 provided for in this section for any individual, or a dependent, exceed
23 \$5,000. As used in this section, "human organ" means all or part of a liver,
24 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
25 paragraph shall take effect on the day the secretary of revenue certifies to
26 the director of the budget that the cost for the department of revenue of
27 modifications to the automated tax system for the purpose of
28 implementing this paragraph will not exceed \$20,000.

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

41 (xxiii) For all taxable years beginning after December 31, 2012,
42 amounts received under either the Overland Park, Kansas police
43 department retirement plan or the Overland Park, Kansas fire department

1 retirement plan, both as established by the city of Overland Park, pursuant
2 to the city's home rule authority.

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

6 (xxv) For all taxable years commencing after December 31, 2020,
7 100% of global intangible low-taxed income under section 951A of the
8 federal internal revenue code of 1986, before any deductions allowed
9 under section 250(a)(1)(B) of such code.

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

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

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

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

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

33 ~~(f) No taxpayer shall be assessed penalties and interest from the~~
34 ~~underpayment of taxes due to changes to this section that became law on~~
35 ~~July 1, 2017, so long as such underpayment is rectified on or before April~~
36 ~~17, 2018.~~

37 ~~Sec.-5. 6.~~ K.S.A. 2022 Supp. 58-4903, 58-4904, 58-4906 and 79-
38 32,117 are hereby repealed.

39 ~~Sec.-6. 7.~~ This act shall take effect and be in force from and after its
40 publication in the statute book.