

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 47** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee of the Whole amendments, as follows:

On page 1, in line 8, before "Section" by inserting "New"; in line 10, after "act" by inserting "and shall be effective on and after January 1, 2022"; in line 11, before "Sec." by inserting "New"; in line 27, before "Sec." by inserting "New";

On page 2, in line 15, before "Sec." by inserting "New";

On page 3, in line 37, before "Sec." by inserting "New";

On page 4, in line 15, before "Sec." by inserting "New"; following line 16, by inserting:

"New Sec. 7. (a) For taxable years commencing after December 31, 2020, and before January 1, 2026, there shall be allowed a credit against the tax imposed by the Kansas income tax act and the privilege tax pursuant to K.S.A. 79-1106 et seq., and amendments thereto, in an amount equal to 50% of the total amount contributed during the taxable year by a taxpayer subject to income tax pursuant to K.S.A. 79-32,110(a) or (c), and amendments thereto, or subject to the privilege tax pursuant to K.S.A. 79-1107 and 79-1108, and amendments thereto, to the Eisenhower foundation.

(b) The amount of such credit awarded to a taxpayer in a taxable year pursuant to this section shall not exceed:

(1) \$25,000 for any taxpayer subject to the income tax on resident individuals imposed pursuant to K.S.A. 79-32,110(a), and amendments thereto; or

(2) \$50,000 for any taxpayer subject to the income tax on corporations imposed

pursuant to K.S.A. 79-32,110(c), and amendments thereto, or the privilege tax on financial institutions pursuant to K.S.A. 79-1107 and 79-1108, and amendments thereto.

(c) The aggregate amount of credits claimed pursuant to this section shall not exceed \$350,000 for any fiscal year.

(d) The credit allowed by this section shall not exceed the amount of tax imposed under the Kansas income tax act or the privilege tax reduced by the sum of any other credits allowable pursuant to law. Such credit shall be deducted from the taxpayer's income or privilege tax liability for the taxable year in which the contributions are made by the taxpayer. The taxpayer shall not be allowed to carry over any amount of such credit exceeding the taxpayer's income or privilege tax liability.

New Sec. 8. (a) For taxable years commencing after December 31, 2020, and before January 1, 2026, there shall be allowed a credit against the tax imposed by the Kansas income tax act and the privilege tax pursuant to K.S.A. 79-1106 et seq., and amendments thereto, in an amount equal to 50% of the total amount contributed during the taxable year by a taxpayer subject to income tax pursuant to K.S.A. 79-32,110(a) or (c), and amendments thereto, or subject to the privilege tax pursuant to K.S.A. 79-1107 and 79-1108, and amendments thereto, to the friends of cedar crest association.

(b) The amount of such credit awarded to a taxpayer in a taxable year pursuant to this section shall not exceed:

(1) \$25,000 for any taxpayer subject to the income tax on resident individuals imposed pursuant to K.S.A. 79-32,110(a), and amendments thereto; or

(2) \$50,000 for any taxpayer subject to the income tax on corporations imposed pursuant to K.S.A. 79-32,110(c), and amendments thereto, or the privilege tax on financial institutions pursuant to K.S.A. 79-1107 and 79-1108, and amendments thereto.

(c) The aggregate amount of credits claimed pursuant to this section shall not exceed

\$350,000 for any fiscal year.

(d) The credit allowed by this section shall not exceed the amount of tax imposed under the Kansas income tax act or the privilege tax reduced by the sum of any other credits allowable pursuant to law. Such credit shall be deducted from the taxpayer's income or privilege tax liability for the taxable year in which the contributions are made by the taxpayer. The taxpayer shall not be allowed to carry forward any amount of such credit exceeding the taxpayer's income or privilege tax liability.

New Sec. 9. For the period of January 1, 2021, through December 31, 2022, for wages paid to employees who are temporarily teleworking in a state other than their primary work location, employers shall have the option to continue to withhold income taxes based on the state of the employee's primary work location and not based on the state in which the employee is teleworking or otherwise working during the COVID-19 pandemic. If any provisions of K.S.A. 79-3296, and amendments thereto, are in conflict with the provisions of this section, the provisions of this section shall control.

New Sec. 10. (a) Notwithstanding any other provision of law, for any individual whose identity was fraudulently used to secure any type of compensation, if such individual never received such compensation, such compensation shall not be considered gross income and shall not be taxable for Kansas income tax purposes after determination by the department of revenue that the compensation was obtained fraudulently by another individual.

(b) The department of revenue shall provide a method for any taxpayer subject to the Kansas income tax act to report to the department of revenue whether such taxpayer was a victim of fraud due to identity theft and whether such fraud resulted in the reporting of any income to the federal internal revenue service. The report shall include, but not be limited to, the amount of the income reported to the federal internal revenue service due to fraud, if known.

Sec. 11. K.S.A. 74-50,222 is hereby amended to read as follows: 74-50,222. As used in

K.S.A. 74-50,222, 74-50,223 and 79-32,267, and amendments thereto:

(a) "Institution of higher education" means a public or private nonprofit educational institution that meets the requirements of participation in programs under the higher education act of 1965, as amended, 34 C.F.R. § 600;

(b) "rural opportunity zone" means ~~Allen, Anderson, Barber, Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay, Cloud, Coffey, Comanche, Decatur, Doniphan, Edwards, Elk, Ellsworth, Gove, Graham, Grant, Gray, Greeley, Greenwood, Hamilton, Harper, Haskell, Hodgeman, Jackson, Jewell, Kearny, Kingman, Kiowa, Labette, Lane, Lincoln, Linn, Logan, Marion, Marshall, Meade, Mitchell, Montgomery, Morris, Morton, Nemaha, Neosho, Ness, Norton, Osborne, Ottawa, Pawnee, Phillips, Pratt, Rawlins, Republic, Rice, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens, Sumner, Trego, Thomas, Wabaunsee, Wallace, Washington, Wichita, Wilson or Woodson counties~~ a county with a population of 40,000 persons or less;

(c) "secretary" means the secretary of commerce; and

(d) "student loan" means a federal student loan program supported by the federal government and a nonfederal loan issued by a lender such as a bank, savings and loan or credit union to help students and parents pay school expenses for attendance at an institution of higher education.

Sec. 12. K.S.A. 74-50,223 is hereby amended to read as follows: 74-50,223. (a) Any county that has been designated a rural opportunity zone pursuant to K.S.A. 74-50,222, and amendments thereto, may participate in the program provided in this section by authorizing such participation by the county commission of such county through a duly enacted written resolution. Such county shall provide a certified copy of such resolution to the secretary of commerce on or before January 1, 2012, for calendar year 2012, or on or before January 1 for each calendar year thereafter, in which a county chooses to participate. Such resolution shall obligate the county to

participate in the program provided by this section for a period of five years, and shall be irrevocable. Such resolution shall specify the maximum amount of outstanding student loan balance for each resident individual to be repaid as provided in subsection (b), except the maximum amount of such balance shall be \$15,000.

(b) If a county submits a resolution as provided in subsection (a), under the program provided in this section, subject to subsection (d), the state of Kansas and such county which chooses to participate as provided in subsection (a), shall agree to pay in equal shares the outstanding student loan balance of any resident individual who qualifies to have such individual's student loans repaid under the provisions of subsection (c) over a five-year period, except that the maximum amount of such balance shall be \$15,000. The amount of such repayment shall be equal to 20% of the outstanding student loan balance of the individual in a year over the five-year repayment period. The state of Kansas is not obligated to pay the student loan balance of any resident individual who qualifies pursuant to subsection (c) prior to the county submitting a resolution to the secretary pursuant to subsection (a). Each such county shall certify to the secretary that such county has made the payment required by this subsection.

(c) A resident individual shall be entitled to have such individual's outstanding student loan balance paid for attendance at an institution of higher education where such resident individual earned an associate, bachelor or post-graduate degree under the provisions of this section when such resident individual establishes domicile in a county designated as a rural opportunity zone which participates in the program as provided in subsection (a), on and after the date in which such county commenced such participation, and prior to July 1, ~~2021~~ 2023. Such resident individual may enroll in this program in a form and manner prescribed by the secretary. Subject to subsection (d), once enrolled such resident individual shall be entitled to full participation in the program for five years, except that if the resident individual relocates outside the rural opportunity zone for which the resident individual first qualified, such resident

individual forfeits such individual's eligibility to participate, and obligations under this section of the state and the county terminate. No resident individual shall enroll and be eligible to participate in this program after June 30, ~~2021~~ 2023.

(d) The provisions of this act shall be subject to appropriation acts. Nothing in this act guarantees a resident individual a right to the benefits provided in this section. The county may continue to participate even if the state does not participate.

(e) The secretary shall adopt rules and regulations necessary to administer the provisions of this section.

(f) On January 1, 2012, and annually thereafter until January 1, ~~2022~~ 2024, the secretary of commerce shall report to the senate committee on assessment and taxation and the house of representatives committee on taxation as to how many residents applied for the rural opportunity zone tax credit.

Sec. 13. K.S.A. 79-3221 is hereby amended to read as follows: 79-3221. (a) All returns required by this act shall be made as nearly as practical in the same form as the corresponding form of income tax return by the United States. Unless another identifying number has been assigned to an individual by the internal revenue service for purposes of filing such individual's federal income tax return, the social security number issued to an individual, the individual's spouse, and all dependents of such individual for purposes of section 205(c)(2)(A) of the social security act shall be used as the identifying number and included on the return when filing such return.

(b) All returns shall be filed in the office of the director of taxation on or before the 15th day of the fourth month following the close of the taxable year, except as provided in subsection (c) ~~hereof~~. Tentative returns may be filed before the close of the taxable year and the estimated tax computed on such return, paid, but no interest will be paid on any overpayment of tax liability, computed on such tentative return.

(c) (1) The director of taxation may grant a reasonable extension of time for filing returns in accordance with rules and regulations of the secretary of revenue. Whenever any such extension of time to file is requested by a taxpayer and granted by the director with respect to any tax year commencing after December 31, 1992, no penalty authorized by K.S.A. 79-3228, and amendments thereto, shall be imposed if 90% of the liability is paid on or before the original due date.

(2) For any tax year commencing after December 31, 2019, any taxpayer filing a corporate tax return shall file the return in the office of the director of taxation:

(A) No later than one month after the due date established under the federal internal revenue code, including any applicable extensions granted by the internal revenue service; and

(B) no penalty authorized by K.S.A. 79-3228, and amendments thereto, shall be imposed if the return is filed within one month after receiving an extension to file a tax return with the internal revenue service. The taxpayer shall not be required to file an extension request with the director pursuant to this subparagraph.

(3) For any tax year commencing after December 31, 2019, any taxpayer filing a return, other than a corporate tax return, shall file the return in the office of the director of taxation not later than the due date established under the federal internal revenue code, including any applicable extensions granted by the internal revenue service. No penalty authorized by K.S.A. 79-3228, and amendments thereto, shall be imposed if the return is filed not later than the deadline established by the internal revenue service. The taxpayer shall not be required to file an extension request with the director pursuant to this paragraph.

(d) In the case of an individual serving in the armed forces of the United States, or serving in support of such armed forces, in an area designated by the president of the United States by executive order as a "combat zone" as defined under 26 U.S.C. § 112 at any time during the period designated by the president by executive order as the period of combatant

activities in such zone for the purposes of such section, or hospitalized as a result of injury received or sickness incurred while serving in such an area during such time, the period of service in such area, plus the period of continuous qualified hospitalization attributable to such injury or sickness, and the next 180 days thereafter, shall be disregarded in determining, under article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, in respect to any tax liability, including any interest, penalty, additional amount, or addition to the tax, of such individual:

(1) Whether any of the following acts was performed within the time prescribed therefor: (A) Filing any return of income tax; (B) payment of any income tax or installment thereof; (C) filing a notice of appeal with the director of taxation or the state board of tax appeals for redetermination of a deficiency or for a review of a decision rendered by either the director or the state board of tax appeals; (D) allowance of a credit or refund of any income tax; (E) filing a claim for credit or refund of any income tax; (F) bringing suit upon any such claim for credit or refund; (G) assessment of any income tax; (H) giving or making any notice or demand for the payment of any income tax, or with respect to any liability to the state of Kansas in respect of any income tax; (I) collection, by the director of taxation or the director's agent, by warrant, levy or otherwise, of the amount of any liability in respect to any income tax; (J) bringing suit by the state of Kansas, or any officer on its behalf, in respect to any liability in respect of any income tax; and (K) any other act required or permitted under the Kansas income tax act specified in rules and regulations adopted by the secretary of revenue under this section;

(2) the amount of any credit or refund.

(e) (1) Subsection (d) shall not apply for purposes of determining the amount of interest on any overpayment of tax.

(2) If an individual is entitled to the benefits of subsection (d) with respect to any return and such return is timely filed, determined after the application of subsection (d), ~~subsections (e)~~

~~(5) and (e)(7)~~ of K.S.A. 79-32,105~~(e)(5) and (e)(7)~~, and amendments thereto, shall not apply.

(f) The provisions of subsections (d) through (j) shall apply to the spouse of any individual entitled to the benefits of subsection (d). Except in the case of the combat zone designated for purposes of the Vietnam conflict, this subsection shall not cause subsections (d) through (j) to apply for any spouse for any taxable year beginning more than two years after the date designated under 26 U.S.C. § 112, and amendments thereto, as the date of termination of combatant activities in a combat zone.

(g) The period of service in the area referred to in subsection (d) shall include the period during which an individual entitled to benefits under subsection (d) is in a missing status, within the meaning of 26 U.S.C. § 6013(f)(3).

(h) (1) Notwithstanding the provisions of subsection (d), any action or proceeding authorized by K.S.A. 79-3229, and amendments thereto, as well as any other action or proceeding authorized by law in connection therewith, may be taken, begun or prosecuted. In any other case in which the secretary determines that collection of the amount of any assessment would be jeopardized by delay, the provisions of subsection (d) shall not operate to stay collection of such amount by levy or otherwise as authorized by law. There shall be excluded from any amount assessed or collected pursuant to this subsection the amount of interest, penalty, additional amount, and addition to the tax, if any, in respect of the period disregarded under subsection (d). In any case to which this ~~subsections~~ subsection relates, if the secretary is required to give any notice to or make any demand upon any person, such requirement shall be deemed to be satisfied if the notice or demand is prepared and signed, in any case in which the address of such person last known to the secretary is in an area for which United States post offices under instructions of the postmaster general are not, by reason of the combatant activities, accepting mail for delivery at the time the notice or demand is signed. In such case the notice or demand shall be deemed to have been given or made upon the date it is signed.

(2) The assessment or collection of any tax under the provisions of article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or any action or proceeding by or on behalf of the state in connection therewith, may be made, taken, begun or prosecuted in accordance with law, without regard to the provisions of subsection (d), unless prior to such assessment, collection, action or proceeding it is ascertained that the person concerned is entitled to the benefits of subsection (d).

(i) (1) Any individual who performed Desert Shield services, and the spouse of such individual, shall be entitled to the benefits of subsections (d) through (j) in the same manner as if such services were services referred to in subsection (d).

(2) For purposes of this subsection, the term "Desert Shield services" means any services in the armed forces of the United States or in support of such armed forces if:

(A) Such services are performed in the area designated by the president as the "Persian Gulf Desert Shield area"; and

(B) such services are performed during the period beginning on August 2, 1990, and ending on the date on which any portion of the area referred to in subsection (i)(2)(A) is designated by the president as a combat zone pursuant to 26 U.S.C. § 112.

(j) For purposes of subsection (d), the term "qualified hospitalization" means:

(1) Any hospitalization outside the United States; and

(2) any hospitalization inside the United States, except that not more than five years of hospitalization may be taken into account under this subsection. This subsection shall not apply for purposes of applying subsections (d) through (j) with respect to the spouse of an individual entitled to the benefits of subsection (d).

Sec. 14. K.S.A. 79-32,212 is hereby amended to read as follows: 79-32,212. (a) For taxable years 2002 through ~~2021~~ 2024, there shall be allowed as a credit against the tax liability of a taxpayer imposed under the Kansas income tax act, an amount equal to 100% of the amount

attributable to the retirement of indebtedness authorized by a single city port authority established before January 1, 2002. In no event shall the total amount of the credits allowed under this section exceed \$500,000 for any one fiscal year.

(b) Upon certification by the secretary of revenue of the amount of any such credit, the director of accounts and reports shall issue to such taxpayer a warrant for such amount which shall be deemed to be a capital contribution.

(c) For ~~tax-year~~ years 2013 and all tax years thereafter through 2021, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to ~~subsection (e) of~~ K.S.A. 79-32,110(c), and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability.

(d) For tax years 2022 through 2024, the income tax credit provided by this section shall be available to all taxpayers subject to the income tax imposed pursuant to K.S.A. 79-32,110, and amendments thereto, and shall be applied only against such taxpayer's income tax liability.

Sec. 15. K.S.A. 79-32,267 is hereby amended to read as follows: 79-32,267. (a) For taxable years commencing after December 31, 2011, and before January 1, ~~2022~~ 2024, there shall be allowed as a credit against the tax liability of a resident individual taxpayer an amount equal to the resident individual's income tax liability under the provisions of the Kansas income tax act, when the resident individual:

(1) Establishes domicile in a rural opportunity zone on or after July 1, 2011, and prior to January 1, ~~2021~~ 2023, and was domiciled outside this state for five or more years immediately prior to establishing their domicile in a rural opportunity zone in this state;

(2) had Kansas source income less than \$10,000 in any one year for five or more years immediately prior to establishing their domicile in a rural opportunity zone in this state; and

(3) was domiciled in a rural opportunity zone during the entire taxable year for which

such credit is claimed.

(b) A resident individual may claim the credit authorized by this section for not more than five consecutive years following establishment of their domicile in a rural opportunity zone.

(c) The maximum amount of any refund under this section shall be equal to the amount withheld from the resident individual's wages or payments other than wages pursuant to K.S.A. 79-3294 et seq., and amendments thereto, or paid by the resident individual as estimated taxes pursuant to K.S.A. 79-32,101 et seq., and amendments thereto.

(d) No credit shall be allowed under this section if:

(1) The resident individual's income tax return on which the credit is claimed is not timely filed, including any extension; or

(2) the resident individual is delinquent in filing any return with, or paying any tax due to, the state of Kansas or any political subdivision thereof.

(e) This section shall be a part of and supplemental to the Kansas income tax act.

Sec. 16. K.S.A. 74-50,222, 74-50,223, 79-3221, 79-32,212 and 79-32,267 are hereby repealed.";

Also on page 4, in line 18, by striking "January 1, 2022, and"; also in line 18, by striking "statute book" and inserting "Kansas register";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "income"; also in line 1, after the semicolon by inserting "relating to income tax;"; in line 2, by striking "relating to paid tax return preparers;"; in line 3, after "number" by inserting "of paid tax return preparers"; also in line 3, by striking the semicolon and inserting "and"; in line 5, after "conduct" by inserting "; exempting compensation income attributable as a result of identity fraud; extending the dates when corporate returns are required to be filed; providing conformity with the federal return due date for returns other than corporate returns; providing a temporary withholding option for certain teleworking employees;

relating to income and privilege tax credits; establishing an Eisenhower foundation contribution credit and the friends of cedar crest association contribution credit; extending the time period and expanding eligibility for the single city port authority credit; relating to rural opportunity zones; extending the time period for eligibility in the loan repayment program and the income tax credit related thereto; defining rural opportunity zone on the basis of population; amending K.S.A. 74-50,222, 74-50,223, 79-3221, 79-32,212 and 79-32,267 and repealing the existing sections";

And your committee on conference recommends the adoption of this report.

 Conferees on part of House

 Conferees on part of Senate