

HOUSE BILL No. 2433

By Committee on Taxation

6-4

1 AN ACT concerning taxation; relating to income tax, credits, deductions
2 and rates; amending K.S.A. 2016 Supp. 79-32,110, 79-32,117 and 79-
3 32,120 and repealing the existing sections; also repealing K.S.A. 2016
4 Supp. 79-32,269.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. (a) For all taxable years commencing after December
8 31, 2017, there shall be allowed as a credit against the tax liability of a
9 resident individual imposed under the Kansas income tax act an amount
10 equal to 25% of the amount of the credit allowed against such taxpayer's
11 federal income tax liability pursuant to 26 U.S.C. § 21 for the taxable year
12 in which such credit was claimed against the taxpayer's federal income tax
13 liability.

14 (b) The credit allowed by subsection (a) shall not exceed the amount
15 of the tax imposed by K.S.A. 79-32,110, and amendments thereto, reduced
16 by the sum of any other credits allowable pursuant to law.

17 (c) No credit provided under this section shall be allowed to any
18 individual who fails to provide a valid social security number issued by the
19 social security administration to such individual, the individual's spouse
20 and every dependent of the individual.

21 Sec. 2. K.S.A. 2016 Supp. 79-32,110 is hereby amended to read as
22 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
23 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
24 upon the Kansas taxable income of every resident individual, which tax
25 shall be computed in accordance with the following tax schedules:

26 (1) *Married individuals filing joint returns*.

27 (A) For tax year 2012:

If the taxable income is:	The tax is:
28 Not over \$30,000.....	3.5% of Kansas taxable income
29 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess
30	over \$30,000
31	
32 Over \$60,000.....	\$2,925 plus 6.45% of excess
33	over \$60,000

34 (B) For tax year 2013:

If the taxable income is:	The tax is:
35 Not over \$30,000.....	3.0% of Kansas taxable income

1 Over \$30,000.....\$900 plus 4.9% of excess over
 2 \$30,000

3 (C) For tax year 2014:

4 If the taxable income is: The tax is:
 5 Not over \$30,000.....2.7% of Kansas taxable income
 6 Over \$30,000.....\$810 plus 4.8% of excess over
 7 \$30,000

8 (D) For tax years 2015, 2016 and 2017:

9 If the taxable income is: The tax is:
 10 Not over \$30,000.....2.7% of Kansas taxable income
 11 Over \$30,000.....\$810 plus 4.6% of excess over
 12 \$30,000

13 (E) For tax year 2018, and all tax years thereafter:

14 If the taxable income is: The tax is:
 15 Not over \$30,000.....~~2.6%~~2.95% of Kansas taxable
 16 income
 17 Over \$30,000.....~~\$780 plus 4.6% of excess over~~
 18 ~~\$30,000~~ \$885 + $D_1 (.0295)$
 19 $(.964) + (D_1 \wedge 1.0008)(.036)$
 20 Where D_1 is the excess of
 21 Kansas taxable
 22 income over \$30,000

23 (2) All other individuals.

24 (A) For tax year 2012:

25 If the taxable income is: The tax is:
 26 Not over \$15,000.....3.5% of Kansas taxable income
 27 Over \$15,000 but not over \$30,000.....\$525 plus 6.25% of excess
 28 over \$15,000
 29 Over \$30,000.....\$1,462.50 plus 6.45% of excess
 30 over \$30,000

31 (B) For tax year 2013:

32 If the taxable income is: The tax is:
 33 Not over \$15,000.....3.0% of Kansas taxable income
 34 Over \$15,000.....\$450 plus 4.9% of excess over
 35 \$15,000

36 (C) For tax year 2014:

37 If the taxable income is: The tax is:
 38 Not over \$15,000.....2.7% of Kansas taxable income
 39 Over \$15,000.....\$405 plus 4.8% of excess over
 40 \$15,000

41 (D) For tax years 2015, 2016 and 2017:

42 If the taxable income is: The tax is:
 43 Not over \$15,000.....2.7% of Kansas taxable income

1	Over \$15,000.....	\$405 plus 4.6% of excess over
2		\$15,000
3	(E) For tax year 2018, and all tax years thereafter:	
4	If the taxable income is:	The tax is:
5	Not over \$15,000.....	2.6% 2.95% of Kansas taxable
6		income
7	Over \$15,000.....	\$390 plus 4.6% of excess over
8		\$15,000 \$442.50 + D ₂ (.0295)
9		(.964) + (D ₂ ^{1.0008})(.036)
10		Where D ₂ is the excess of
11		Kansas taxable
12		income over \$15,000

13 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas
 14 taxable income of every nonresident individual, which tax shall be an
 15 amount equal to the tax computed under subsection (a) as if the
 16 nonresident were a resident multiplied by the ratio of modified Kansas
 17 source income to Kansas adjusted gross income.

18 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
 19 income of every corporation doing business within this state or deriving
 20 income from sources within this state. Such tax shall consist of a normal
 21 tax and a surtax and shall be computed as follows:

22 (1) The normal tax shall be in an amount equal to 4% of the Kansas
 23 taxable income of such corporation; and

24 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
 25 3.1% of the Kansas taxable income of such corporation in excess of
 26 \$50,000;

27 (B) for tax years 2009 and 2010, the surtax shall be in an amount
 28 equal to 3.05% of the Kansas taxable income of such corporation in excess
 29 of \$50,000; and

30 (C) for tax year 2011, and all tax years thereafter, the surtax shall be
 31 in an amount equal to 3% of the Kansas taxable income of such
 32 corporation in excess of \$50,000.

33 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
 34 income of estates and trusts at the rates provided in subsection (a)(2)
 35 hereof.

36 (e) ~~Tax rates provided in this section shall be adjusted pursuant to the~~
 37 ~~provisions of K.S.A. 2016 Supp. 79-32,269, and amendments thereto.~~

38 (f) ~~Notwithstanding the provisions of subsections (a) and (b), for tax~~
 39 ~~year 2016, and all tax years thereafter, married individuals filing joint~~
 40 ~~returns with taxable income of \$12,500 or less, and all other individuals~~
 41 ~~with taxable income of \$5,000 or less, shall have a tax liability of zero.~~

42 Sec. 3. K.S.A. 2016 Supp. 79-32,117 is hereby amended to read as
 43 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual

1 means such individual's federal adjusted gross income for the taxable year,
2 with the modifications specified in this section.

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

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

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

24 (iii) The federal net operating loss deduction.

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

40 (v) The amount of any depreciation deduction or business expense
41 deduction claimed on the taxpayer's federal income tax return for any
42 capital expenditure in making any building or facility accessible to the
43 handicapped, for which expenditure the taxpayer claimed the credit

1 allowed by K.S.A. 79-32,177, and amendments thereto.

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

5 (vii) The amount of any charitable contribution made to the extent the
6 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
7 32,196, and amendments thereto.

8 (viii) The amount of any costs incurred for improvements to a swine
9 facility, claimed for deduction in determining federal adjusted gross
10 income, to the extent the same is claimed as the basis for any credit
11 allowed pursuant to K.S.A. 2016 Supp. 79-32,204, and amendments
12 thereto.

13 (ix) The amount of any ad valorem taxes and assessments paid and
14 the amount of any costs incurred for habitat management or construction
15 and maintenance of improvements on real property, claimed for deduction
16 in 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. 79-32,203,
18 and amendments thereto.

19 (x) Amounts received as nonqualified withdrawals, as defined by
20 K.S.A. 2016 Supp. 75-643, and amendments thereto, if, at the time of
21 contribution to a family postsecondary education savings account, such
22 amounts were subtracted from the federal adjusted gross income pursuant
23 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts
24 are not already included in the federal adjusted gross income.

25 (xi) The amount of any contribution made to the same extent the
26 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016
27 Supp. 74-50,154, and amendments thereto.

28 (xii) For taxable years commencing after December 31, 2004,
29 amounts received as withdrawals not in accordance with the provisions of
30 K.S.A. 2016 Supp. 74-50,204, and amendments thereto, if, at the time of
31 contribution to an individual development account, such amounts were
32 subtracted from the federal adjusted gross income pursuant to subsection
33 (c)(xiii), or if such amounts are not already included in the federal adjusted
34 gross income.

35 (xiii) The amount of any expenditures claimed for deduction in
36 determining federal adjusted gross income, to the extent the same is
37 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.
38 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

39 (xiv) The amount of any amortization deduction claimed in
40 determining federal adjusted gross income to the extent the same is
41 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,221, and
42 amendments thereto.

43 (xv) The amount of any expenditures claimed for deduction in

1 determining federal adjusted gross income, to the extent the same is
2 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.
3 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
4 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
5 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

6 (xvi) The amount of any amortization deduction claimed in
7 determining federal adjusted gross income to the extent the same is
8 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,227, 79-
9 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
10 thereto.

11 (xvii) The amount of any amortization deduction claimed in
12 determining federal adjusted gross income to the extent the same is
13 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,256, and
14 amendments thereto.

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

25 (xix) For ~~all~~ taxable years beginning after December 31, 2012, *and*
26 *ending before January 1, 2018*, the amount of any: (1) Loss from business
27 as determined under the federal internal revenue code and reported from
28 schedule C and on line 12 of the taxpayer's form 1040 federal individual
29 income tax return; (2) loss from rental real estate, royalties, partnerships, S
30 corporations, except those with wholly owned subsidiaries subject to the
31 Kansas privilege tax, estates, trusts, residual interest in real estate
32 mortgage investment conduits and net farm rental as determined under the
33 federal internal revenue code and reported from schedule E and on line 17
34 of the taxpayer's form 1040 federal individual income tax return; and (3)
35 farm loss as determined under the federal internal revenue code and
36 reported from schedule F and on line 18 of the taxpayer's form 1040
37 federal income tax return; all to the extent deducted or subtracted in
38 determining the taxpayer's federal adjusted gross income. For purposes of
39 this subsection, references to the federal form 1040 and federal schedule
40 C, schedule E, and schedule F, shall be to such form and schedules as they
41 existed for tax year 2011, and as revised thereafter by the internal revenue
42 service.

43 (xx) For ~~all~~ taxable years beginning after December 31, 2012, *and*

1 *ending before January 1, 2018*, the amount of any deduction for self-
2 employment taxes under section 164(f) of the federal internal revenue
3 code as in effect on January 1, 2012, and amendments thereto, in
4 determining the federal adjusted gross income of an individual taxpayer, to
5 the extent the deduction is attributable to income reported on schedule C,
6 E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income
7 tax return.

8 (xxi) For ~~all~~ taxable years beginning after December 31, 2012, *and*
9 *ending before January 1, 2018*, the amount of any deduction for pension,
10 profit sharing, and annuity plans of self-employed individuals under
11 section 62(a)(6) of the federal internal revenue code as in effect on January
12 1, 2012, and amendments thereto, in determining the federal adjusted gross
13 income of an individual taxpayer.

14 (xxii) For ~~all~~ taxable years beginning after December 31, 2012, *and*
15 *ending before January 1, 2018*, the amount of any deduction for health
16 insurance under section 162(l) of the federal internal revenue code as in
17 effect on January 1, 2012, and amendments thereto, in determining the
18 federal adjusted gross income of an individual taxpayer.

19 (xxiii) For ~~all~~ taxable years beginning after December 31, 2012, *and*
20 *ending before January 1, 2018*, the amount of any deduction for domestic
21 production activities under section 199 of the federal internal revenue code
22 as in effect on January 1, 2012, and amendments thereto, in determining
23 the federal adjusted gross income of an individual taxpayer.

24 (xxiv) For taxable years commencing after December 31, 2013, that
25 portion of the amount of any expenditure deduction claimed in
26 determining federal adjusted gross income for expenses paid for medical
27 care of the taxpayer or the taxpayer's spouse or dependents when such
28 expenses were paid or incurred for an abortion, or for a health benefit plan,
29 as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, for the
30 purchase of an optional rider for coverage of abortion in accordance with
31 K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that
32 such taxes and assessments are claimed as an itemized deduction for
33 federal income tax purposes.

34 (xxv) For taxable years commencing after December 31, 2013, that
35 portion of the amount of any expenditure deduction claimed in
36 determining federal adjusted gross income for expenses paid by a taxpayer
37 for health care when such expenses were paid or incurred for abortion
38 coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731,
39 and amendments thereto, when such expenses were paid or incurred for
40 abortion coverage or amounts contributed to health savings accounts for
41 such taxpayer's employees for the purchase of an optional rider for
42 coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and
43 amendments thereto, to the extent that such taxes and assessments are

1 claimed as a deduction for federal income tax purposes.

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

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

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

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

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

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

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

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

39 (viii) Amounts received by retired railroad employees as a
40 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
41 228c (a)(1) et seq.

42 (ix) Amounts received by retired employees of a city and by retired
43 employees of any board of such city as retirement allowances pursuant to

1 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
2 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
3 amendments thereto.

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

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

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

15 (xiii) For taxable years beginning after December 31, 2004, amounts
16 contributed to and the amount of income earned on contributions deposited
17 to an individual development account under K.S.A. 2016 Supp. 74-50,201
18 et seq., and amendments thereto.

19 (xiv) For all taxable years commencing after December 31, 1996, that
20 portion of any income of a bank organized under the laws of this state or
21 any other state, a national banking association organized under the laws of
22 the United States, an association organized under the savings and loan
23 code of this state or any other state, or a federal savings association
24 organized under the laws of the United States, for which an election as an
25 S corporation under subchapter S of the federal internal revenue code is in
26 effect, which accrues to the taxpayer who is a stockholder of such
27 corporation and which is not distributed to the stockholders as dividends of
28 the corporation. For ~~all~~ taxable years beginning after December 31, 2012,
29 *and ending before January 1, 2018*, the amount of modification under this
30 subsection shall exclude the portion of income or loss reported on schedule
31 E and included on line 17 of the taxpayer's form 1040 federal individual
32 income tax return.

33 (xv) For all taxable years beginning after December 31, 2006,
34 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
35 joint return, for each designated beneficiary which are contributed to a
36 family postsecondary education savings account established under the
37 Kansas postsecondary education savings program or a qualified tuition
38 program established and maintained by another state or agency or
39 instrumentality thereof pursuant to section 529 of the internal revenue
40 code of 1986, as amended, for the purpose of paying the qualified higher
41 education expenses of a designated beneficiary at an institution of
42 postsecondary education. The terms and phrases used in this paragraph
43 shall have the meaning respectively ascribed thereto by the provisions of

1 K.S.A. 2016 Supp. 75-643, and amendments thereto, and the provisions of
2 such section are hereby incorporated by reference for all purposes thereof.

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

13 (xvii) For all taxable years beginning after December 31, 2004,
14 amounts received by taxpayers who are eligible members of the Kansas
15 army and air national guard as a reimbursement pursuant to K.S.A. 48-
16 281, and amendments thereto, and amounts received for death benefits
17 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
18 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
19 amendments thereto, to the extent that such death benefits are included in
20 federal adjusted gross income of the taxpayer.

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

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

34 (xx) For ~~all~~ taxable years beginning after December 31, 2012, *and*
35 *ending before January 1, 2018*, the amount of any: (1) Net profit from
36 business as determined under the federal internal revenue code and
37 reported from schedule C and on line 12 of the taxpayer's form 1040
38 federal individual income tax return; (2) net income, not including
39 guaranteed payments as defined in section 707(c) of the federal internal
40 revenue code and as reported to the taxpayer from federal schedule K-1,
41 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
42 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
43 partnerships, S corporations, estates, trusts, residual interest in real estate

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

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

27 (xxii) For ~~all~~ taxable years beginning after December 31, 2012, *and*
28 *ending before January 1, 2018*, the amount of net gain from the sale of: (1)
29 Cattle and horses, regardless of age, held by the taxpayer for draft,
30 breeding, dairy or sporting purposes, and held by such taxpayer for 24
31 months or more from the date of acquisition; and (2) other livestock,
32 regardless of age, held by the taxpayer for draft, breeding, dairy or
33 sporting purposes, and held by such taxpayer for 12 months or more from
34 the date of acquisition. The subtraction from federal adjusted gross income
35 shall be limited to the amount of the additions recognized under the
36 provisions of subsection (b)(xix) attributable to the business in which the
37 livestock sold had been used. As used in this paragraph, the term
38 "livestock" shall not include poultry.

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

1 (xxiv) For ~~all~~ taxable years beginning after December 31, 2013, *and*
2 *ending before January 1, 2018*, the net gain from the sale from Christmas
3 trees grown in Kansas and held by the taxpayer for six years or more.

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

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

13 Sec. 4. K.S.A. 2016 Supp. 79-32,120 is hereby amended to read as
14 follows: 79-32,120. (a) (1) If federal taxable income of an individual is
15 determined by itemizing deductions from such individual's federal
16 adjusted gross income, such individual may elect to deduct the Kansas
17 itemized deduction in lieu of the Kansas standard deduction.

18 (2) For the tax year commencing on January 1, 2013, the Kansas
19 itemized deduction of an individual means 70% of the total amount of
20 deductions from federal adjusted gross income, other than federal
21 deductions for personal exemptions, as provided in the federal internal
22 revenue code with the modifications specified in this section.

23 (3) For the tax year commencing on January 1, 2014, the Kansas
24 itemized deduction of an individual means 65% of the total amount of
25 deductions from federal adjusted gross income, other than federal
26 deductions for personal exemptions, as provided in the federal internal
27 revenue code with the modifications specified in this section.

28 (4) For the tax years commencing on and after January 1, 2015, *and*
29 *ending before January 1, 2018*, the Kansas itemized deduction of an
30 individual means the following deductions from federal adjusted gross
31 income, other than federal deductions for personal exemptions, as
32 provided in the federal internal revenue code with the modifications
33 specified in this section: (A) 100% of charitable contributions that qualify
34 as charitable contributions allowable as deductions in section 170 of the
35 federal internal revenue code; (B) 50% of the amount of qualified
36 residence interest as provided in section 163(h) of the federal internal
37 revenue code; and (C) 50% of the amount of taxes on real and personal
38 property as provided in section 164(a) of the federal internal revenue code.

39 (5) *For the tax years commencing on and after January 1, 2018, the*
40 *Kansas itemized deduction of an individual means the following*
41 *deductions from federal adjusted gross income, other than federal*
42 *deductions for personal exemptions, as provided in the federal internal*
43 *revenue code with the modifications specified in this section: (A) 100% of*

1 *charitable contributions that qualify as charitable contributions allowable*
2 *as deductions in section 170 of the federal internal revenue code; (B)*
3 *100% of expenses for medical care allowable as deductions in section 213*
4 *of the federal internal revenue code; (C) 50% of the amount of qualified*
5 *residence interest as provided in section 163(h) of the federal internal*
6 *revenue code; and (D) 50% of the amount of taxes on real and personal*
7 *property as provided in section 164(a) of the federal internal revenue*
8 *code.*

9 (b) The total amount of deductions from federal adjusted gross
10 income shall be reduced by the total amount of income taxes imposed by
11 or paid to this state or any other taxing jurisdiction to the extent that the
12 same are deducted in determining the federal itemized deductions and by
13 the amount of all depreciation deductions claimed for any real or tangible
14 personal property upon which the deduction allowed by K.S.A. 2016
15 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,
16 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

17 Sec. 5. K.S.A. 2016 Supp. 79-32,110, 79-32,117, 79-32,120 and 79-
18 32,269 are hereby repealed.

19 Sec. 6. This act shall take effect and be in force from and after its
20 publication in the statute book.