

HOUSE BILL No. 2187

By Committee on Taxation

2-1

1 AN ACT establishing the first-time home buyer savings account act;
2 relating to financial institutions; providing for addition and subtraction
3 modifications for contributions to first-time home buyer savings
4 accounts under the Kansas income tax act; amending K.S.A. 79-32,117
5 and repealing the existing section.
6

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

8 New Section 1. Sections 1 through 6, and amendments thereto, shall
9 be known and may be cited as the first-time home buyer savings account
10 act.

11 New Sec. 2. As used in the first-time home buyer savings account
12 act:

13 (a) "Account" or "first-time home buyer savings account" means an
14 individual savings account established in accordance with the provisions
15 of this act.

16 (b) "Account holder" means an individual who establishes an account
17 that is designated as a first-time home buyer savings account pursuant to
18 the provisions of section 3, and amendments thereto, with a financial
19 institution.

20 (c) "Designated beneficiary" means the individual designated by an
21 account holder pursuant to the provisions of section 3, and amendments
22 thereto, as the individual whose eligible expenses are expected to be paid
23 from the account for the purchase or construction of a primary residence in
24 this state.

25 (d) "Eligible expenses" means a down payment and any closing costs
26 that may be included as part of a real estate settlement agreement,
27 including, but not limited to, appraisal fees, mortgage origination fees and
28 inspection fees or any down payment, costs and fees that may be included
29 as part of financing the construction of a primary residence.

30 (e) "Financial institution" means any state bank, state trust company,
31 savings and loan association, federally chartered credit union doing
32 business in this state, credit union chartered by the state of Kansas,
33 national bank, broker-dealer, mutual fund, insurance company or other
34 similar financial entity qualified to do business in this state.

35 (f) "First-time home buyer" means an individual who:

36 (1) Has never owned or purchased under contract for deed, either

1 individually or jointly, a single-family, owner-occupied primary residence
2 including, but not limited to, a condominium unit or a manufactured or
3 mobile home that was assessed and taxed as real property; or

4 (2) as a result of the individual's dissolution of marriage, has not been
5 listed on a property title for at least three consecutive years.

6 (g) "Secretary" means the secretary of revenue.

7 New Sec. 3. (a) On and after July 1, 2022, any individual may open
8 an account with a financial institution and designate the account, in its
9 entirety, as a first-time home buyer savings account to be used to pay or
10 reimburse a designated beneficiary's eligible expenses for the purchase or
11 construction of a primary residence in this state. An individual may be the
12 account holder of multiple accounts and an individual may jointly own the
13 account with another individual if such individuals file a joint income tax
14 return. An account holder shall comply with the requirements of this act to
15 be eligible for the modifications set forth in K.S.A. 79-32,117, and
16 amendments thereto.

17 (b) An account holder shall designate, no later than April 15 of the
18 year following the taxable year during which the account is established, a
19 first-time home buyer as the designated beneficiary of the account.
20 Nothing in this section shall prohibit an account holder from designating
21 such account holder as the designated beneficiary of an account. An
22 account holder may change the designated beneficiary at any time, but no
23 account shall have more than one designated beneficiary at any time. An
24 individual may be designated as the designated beneficiary of more than
25 one account if such accounts are held by separate account holders. No
26 account holder shall be authorized to designate the same designated
27 beneficiary on multiple accounts held by such account owner.

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

30 (A) The maximum contribution to an account in any tax year shall be
31 \$3,000 for an individual and \$6,000 for a married couple filing a joint
32 return;

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

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

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

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

42 (d) The account holder shall not use moneys in an account to pay
43 expenses of administering the account, except that a service fee may be

1 deducted from the account by a financial institution. The account holder
 2 shall be responsible for maintaining documentation for the account and for
 3 eligible expenses related to the designated beneficiary's purchase or
 4 construction of a primary residence.

5 New Sec. 4. (a) (1) The moneys in a first-time home buyer savings
 6 account may be:

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

9 (B) used for eligible expenses related to a designated beneficiary's
 10 purchase or construction of a primary residence located outside of this
 11 state if such designated beneficiary is active-duty military and was
 12 stationed in Kansas for any time after the creation of the account;

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

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

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

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

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

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

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

29 (c) Moneys that are subject to recapture shall be an amount equal to
 30 the moneys withdrawn from an account and shall be added to the Kansas
 31 adjusted gross income pursuant to K.S.A. 79-32,117(b)(xxvii), and
 32 amendments thereto, of the account holder or, if the account holder is no
 33 longer living, the designated beneficiary. If any moneys are subject to
 34 recapture, the account holder shall pay a penalty in the following amounts:
 35 (1) If the withdrawal of moneys occurred 10 or less years after the first
 36 deposit in the account, 5% of the amount subject to recapture; and (2) if
 37 the withdrawal of moneys occurred more than 10 years after the first
 38 deposit in the account, 10% of the amount subject to recapture.

39 (d) The penalties provided in subsection (c) shall not apply if: (1) The
 40 withdrawn moneys are used for eligible expenses related to a designated
 41 beneficiary's purchase or construction of a primary residence outside of
 42 this state; or (2) the withdrawn moneys are from an account in which the
 43 designated beneficiary died, and the account holder did not designate a

1 new designated beneficiary during the same tax year.

2 (e) If the account holder dies or, if the account is jointly owned and
3 the account owners die, and the account does not have a surviving transfer
4 on death beneficiary, then all of the moneys in the account resulting from
5 contributions or income earned from assets in the account pursuant to
6 K.S.A. 79-32,117, and amendments thereto, shall be subject to recapture in
7 the tax year of the death or deaths, but no penalty shall be assessed
8 pursuant to subsection (c).

9 New Sec. 5. (a) The secretary shall establish forms for an account
10 holder to annually report information about any accounts held by such
11 account holder. An account holder shall annually file with the account
12 holder's state income tax return all forms required by the secretary under
13 this section, the form 1099 for the account issued by the financial
14 institution and any other supporting documentation the secretary requires.

15 (b) Prior to July 1, 2022, the secretary shall adopt rules and
16 regulations necessary to administer the provisions of the first-time home
17 buyer savings account act.

18 New Sec. 6. (a) No financial institution shall be required to:

19 (1) Designate an account as a first-time home buyer savings account
20 or designate the beneficiaries of an account in the financial institution's
21 account contracts or systems or in any other way;

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

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

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

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

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

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

33 Sec. 7. K.S.A. 79-32,117 is hereby amended to read as follows: 79-
34 32,117. (a) The Kansas adjusted gross income of an individual means such
35 individual's federal adjusted gross income for the taxable year, with the
36 modifications specified in this section.

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

38 (i) Interest income less any related expenses directly incurred in the
39 purchase of state or political subdivision obligations, to the extent that the
40 same is not included in federal adjusted gross income, on obligations of
41 any state or political subdivision thereof, but to the extent that interest
42 income on obligations of this state or a political subdivision thereof issued
43 prior to January 1, 1988, is specifically exempt from income tax under the

1 laws of this state authorizing the issuance of such obligations, it shall be
2 excluded from computation of Kansas adjusted gross income whether or
3 not included in federal adjusted gross income. Interest income on
4 obligations of this state or a political subdivision thereof issued after
5 December 31, 1987, shall be excluded from computation of Kansas
6 adjusted gross income whether or not included in federal adjusted gross
7 income.

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

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

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

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

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

41 (vii) The amount of any charitable contribution made to the extent the
42 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
43 32,196, and amendments thereto.

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

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

11 (x) Amounts received as nonqualified withdrawals, as defined by
12 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
13 family postsecondary education savings account, such amounts were
14 subtracted from the federal adjusted gross income pursuant to K.S.A. 79-
15 32,117(c)(xv), and amendments thereto, or if such amounts are not already
16 included in the federal adjusted gross income.

17 (xi) The amount of any contribution made to the same extent the
18 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
19 50,154, and amendments thereto.

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

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

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

35 (xv) 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. 79-32,223
38 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
39 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
40 32,251 through 79-32,254, and amendments thereto.

41 (xvi) The amount of any amortization deduction claimed in
42 determining federal adjusted gross income to the extent the same is
43 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-

1 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

6 (xviii) For taxable years commencing after December 31, 2006, the
7 amount of any ad valorem or property taxes and assessments paid to a state
8 other than Kansas or local government located in a state other than Kansas
9 by a taxpayer who resides in a state other than Kansas, when the law of
10 such state does not allow a resident of Kansas who earns income in such
11 other state to claim a deduction for ad valorem or property taxes or
12 assessments paid to a political subdivision of the state of Kansas in
13 determining taxable income for income tax purposes in such other state, to
14 the extent that such taxes and assessments are claimed as an itemized
15 deduction for federal income tax purposes.

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

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

42 (xxi) For taxable years beginning after December 31, 2012, and
43 ending before January 1, 2017, the amount of any deduction for pension,

1 profit sharing, and annuity plans of self-employed individuals under
2 section 62(a)(6) of the federal internal revenue code as in effect on January
3 1, 2012, and amendments thereto, in determining the federal adjusted gross
4 income of an individual taxpayer.

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

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

15 (xxiv) For taxable years commencing after December 31, 2013, that
16 portion of the amount of any expenditure deduction claimed in
17 determining federal adjusted gross income for expenses paid for medical
18 care of the taxpayer or the taxpayer's spouse or dependents when such
19 expenses were paid or incurred for an abortion, or for a health benefit plan,
20 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
21 an optional rider for coverage of abortion in accordance with K.S.A. 2020
22 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and
23 assessments are claimed as an itemized deduction for federal income tax
24 purposes.

25 (xxv) For taxable years commencing after December 31, 2013, that
26 portion of the amount of any expenditure deduction claimed in
27 determining federal adjusted gross income for expenses paid by a taxpayer
28 for health care when such expenses were paid or incurred for abortion
29 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
30 amendments thereto, when such expenses were paid or incurred for
31 abortion coverage or amounts contributed to health savings accounts for
32 such taxpayer's employees for the purchase of an optional rider for
33 coverage of abortion in accordance with K.S.A. 2020 Supp. 40-2,190, and
34 amendments thereto, to the extent that such taxes and assessments are
35 claimed as a deduction for federal income tax purposes.

36 (xxvi) For all taxable years beginning after December 31, 2016, the
37 amount of any charitable contribution made to the extent the same is
38 claimed as the basis for the credit allowed pursuant to K.S.A. 72-99a07,
39 and amendments thereto, and is also claimed as an itemized deduction for
40 federal income tax purposes.

41 *(xxvii) For all taxable years beginning after December 31, 2021, the*
42 *amount of any contributions to, or earnings from, a first-time home buyers*
43 *savings account if distributions from the account were not used to pay for*

1 *expenses or transactions authorized pursuant to section 4, and*
2 *amendments thereto, or were not held for the minimum length of time*
3 *required pursuant to section 4, and amendments thereto. Contributions to,*
4 *or earnings from, such account shall also include any amount resulting*
5 *from the account holder not designating a surviving transfer on death*
6 *beneficiary pursuant to section 4(e), and amendments thereto.*

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

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

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

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

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

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

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

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

1 (viii) Amounts received by retired railroad employees as a
2 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
3 228c(a)(1) et seq.

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

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

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

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

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

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

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

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

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

23 (xvii) For all taxable years beginning after December 31, 2004,
24 amounts received by taxpayers who are eligible members of the Kansas
25 army and air national guard as a reimbursement pursuant to K.S.A. 48-
26 281, and amendments thereto, and amounts received for death benefits
27 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
28 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
29 amendments thereto, to the extent that such death benefits are included in
30 federal adjusted gross income of the taxpayer.

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

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

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

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

37 (xxii) For taxable years beginning after December 31, 2012, and
38 ending before January 1, 2017, the amount of net gain from the sale of: (1)
39 Cattle and horses, regardless of age, held by the taxpayer for draft,
40 breeding, dairy or sporting purposes, and held by such taxpayer for 24
41 months or more from the date of acquisition; and (2) other livestock,
42 regardless of age, held by the taxpayer for draft, breeding, dairy or
43 sporting purposes, and held by such taxpayer for 12 months or more from

1 the date of acquisition. The subtraction from federal adjusted gross income
2 shall be limited to the amount of the additions recognized under the
3 provisions of subsection (b)(xix) attributable to the business in which the
4 livestock sold had been used. As used in this paragraph, the term
5 "livestock" shall not include poultry.

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

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

14 (xxv) *For all taxable years beginning after December 31, 2021: (1)*
15 *The amount contributed to a first-time home buyer savings account*
16 *pursuant to section 3, and amendments thereto, in an amount not to*
17 *exceed \$3,000 for an individual or \$6,000 for a married couple filing a*
18 *joint return; or (2) amounts received as income earned from assets in a*
19 *first-time home buyer savings account.*

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

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

29 (f) No taxpayer shall be assessed penalties and interest from the
30 underpayment of taxes due to changes to this section that became law on
31 July 1, 2017, so long as such underpayment is rectified on or before April
32 17, 2018.

33 Sec. 8. K.S.A. 79-32,117 is hereby repealed.

34 Sec. 9. This act shall take effect and be in force from and after its
35 publication in the statute book.