

1 *As Amended by Senate Committee*

2
3 *As Amended by House Committee*

4 *Session of 2001*

5
6 **HOUSE BILL No. 2569**

7
8 By Committee on Taxation

9
10 3-19

11
12 AN ACT relating to taxation; allowing credits for donations to the Kansas
13 Regents Foundation; amending K.S.A. ~~2000~~ **2001** Supp. 79-32,117
14 and repealing the existing section.

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

16 New Section 1. (a) For all taxable years commencing after Decem-
17 ber 31, ~~2000~~ **2001**, there shall be allowed as a credit against the tax
18 liability of a taxpayer imposed under the Kansas income tax act, the pre-
19 miums tax upon insurance companies imposed pursuant to K.S.A. 40-
20 252, and amendments thereto, and the privilege tax as measured by net
21 income of financial institutions imposed pursuant to article 11 of chapter
22 79 of the Kansas Statutes Annotated, an amount equal to 66 $\frac{2}{3}$ % of the
23 amount of any contribution donated to the Kansas Regents Foundation.
24 If the taxpayer is a corporation having an election in effect under sub-
25 chapter S of the federal internal revenue code, a partnership or a limited
26 liability company, the credit provided by this section shall be claimed by
27 the shareholders of such corporation, the partners of such partnership or
28 the members of such limited liability company in the same manner as
29 such shareholders, partners or members account for their proportionate
30 shares of the income or loss of the corporation, partnership or limited
31 liability company.

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33 (b) The credit allowed by subsection (a) shall not exceed the amount
34 of income, premiums or privilege tax imposed reduced by the sum of any
35 other credits allowable pursuant to law.

36 (c) ~~In no event shall the total amount of credits allowed under this~~
37 ~~section exceed \$10,000,000 for any one fiscal year~~ **The total amount of**
38 **all moneys appropriated for the state board of regents for the fiscal**
39 **year next following the taxable year for which any credit is allowed**
40 **shall be reduced by the total amount of such credit allowed.**

41 Sec. 2. K.S.A. ~~2000~~ **2001** Supp. 79-32,117 is hereby amended to read
42 as follows: 79-32,117. (a) The Kansas adjusted gross income of an indi-
43 vidual means such individual's federal adjusted gross income for the tax-

1 able year, with the modifications specified in this section.

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

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

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

21 (iii) The federal net operating loss deduction.

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

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

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

1 and amendments to such sections.

2 (vii) The amount of any charitable contribution made to the extent
3 the same is claimed as the basis for the credit allowed pursuant to K.S.A.
4 79-32,196, and amendments thereto.

5 (viii) The amount of any costs incurred for improvements to a swine
6 facility, claimed for deduction in determining federal adjusted gross in-
7 come, to the extent the same is claimed as the basis for any credit allowed
8 pursuant to K.S.A. 2000 Supp. 79-32,204 and amendments thereto.

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

15 (x) Amounts received as nonqualified withdrawals, as defined by
16 K.S.A. 2000 Supp. 75-643, and amendments thereto, if, at the time of
17 contribution to a family postsecondary education savings account, such
18 amounts were subtracted from the federal adjusted gross income pur-
19 suant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amend-
20 ments thereto, or if such amounts are not already included in the federal
21 adjusted gross income.

22 (xi) *The amount of any contribution donated to the extent the same*
23 *is claimed as the basis for the credit allowed pursuant to section 1 and*
24 *amendments thereto.*

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

26 (i) Interest or dividend income on obligations or securities of any
27 authority, commission or instrumentality of the United States and its pos-
28 sessions less any related expenses directly incurred in the purchase of
29 such obligations or securities, to the extent included in federal adjusted
30 gross income but exempt from state income taxes under the laws of the
31 United States.

32 (ii) Any amounts received which are included in federal adjusted
33 gross income but which are specifically exempt from Kansas income tax-
34 ation under the laws of the state of Kansas.

35 (iii) The portion of any gain or loss from the sale or other disposition
36 of property having a higher adjusted basis for Kansas income tax purposes
37 than for federal income tax purposes on the date such property was sold
38 or disposed of in a transaction in which gain or loss was recognized for
39 purposes of federal income tax that does not exceed such difference in
40 basis, but if a gain is considered a long-term capital gain for federal in-
41 come tax purposes, the modification shall be limited to that portion of
42 such gain which is included in federal adjusted gross income.

43 (iv) The amount necessary to prevent the taxation under this act of

1 any annuity or other amount of income or gain which was properly in-
2 cluded in income or gain and was taxed under the laws of this state for a
3 taxable year prior to the effective date of this act, as amended, to the
4 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
5 the right to receive the income or gain, or to a trust or estate from which
6 the taxpayer received the income or gain.

7 (v) The amount of any refund or credit for overpayment of taxes on
8 or measured by income or fees or payments in lieu of income taxes im-
9 posed by this state, or any taxing jurisdiction, to the extent included in
10 gross income for federal income tax purposes.

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

14 (vii) Amounts received as annuities under the federal civil service
15 retirement system from the civil service retirement and disability fund
16 and other amounts received as retirement benefits in whatever form
17 which were earned for being employed by the federal government or for
18 service in the armed forces of the United States.

19 (viii) Amounts received by retired railroad employees as a supple-
20 mental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1)
21 *et seq.*

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

27 (x) For taxable years beginning after December 31, 1976, the amount
28 of the federal tentative jobs tax credit disallowance under the provisions
29 of 26 U.S.C. 280 C. For taxable years ending after December 31, 1978,
30 the amount of the targeted jobs tax credit and work incentive credit dis-
31 allowances under 26 U.S.C. 280 C.

32 (xi) For taxable years beginning after December 31, 1986, dividend
33 income on stock issued by Kansas Venture Capital, Inc.

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

38 (xiii) For taxable years beginning after December 31, 1993, the
39 amount of income earned on contributions deposited to an individual
40 development account under K.S.A. 79-32,117h, and amendments thereto.

41 (xiv) For all taxable years commencing after December 31, 1996, that
42 portion of any income of a bank organized under the laws of this state or
43 any other state, a national banking association organized under the laws

1 of the United States, an association organized under the savings and loan
2 code of this state or any other state, or a federal savings association or-
3 ganized under the laws of the United States, for which an election as an
4 S corporation under subchapter S of the federal internal revenue code is
5 in effect, which accrues to the taxpayer who is a stockholder of such
6 corporation and which is not distributed to the stockholders as dividends
7 of the corporation.

8 (xv) For all taxable years beginning after December 31, 1999,
9 amounts not exceeding \$2,000, or \$4,000 for a married couple filing a
10 joint return, for each designated beneficiary which are contributed to a
11 family postsecondary education savings account established under the
12 Kansas postsecondary education savings program for the purpose of pay-
13 ing the qualified higher education expenses of a designated beneficiary
14 at an institution of postsecondary education. The terms and phrases used
15 in this paragraph shall have the meaning respectively ascribed thereto by
16 the provisions of K.S.A. 2000 Supp. 75-643, and amendments thereto,
17 and the provisions of such section are hereby incorporated by reference
18 for all purposes thereof.

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

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

28 Sec. 3. K.S.A. ~~2000~~ **2001** Supp. 79-32,117 is hereby repealed.

29 Sec. 4. This act shall take effect and be in force from and after its
30 publication in the statute book.

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