

HOUSE BILL No. 2995

By Committee on Taxation

2-19

AN ACT relating to income taxation; allowing deduction of federal income tax liability; amending K.S.A. 79-32,120 and K.S.A. 2001 Supp. 79-32,119 and repealing the existing sections.

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

Section 1. K.S.A. 2001 Supp. 79-32,119 is hereby amended to read as follows: 79-32,119. The Kansas standard deduction of an individual, including a husband and wife who are either both residents or who file a joint return as if both were residents, shall be equal to the sum of the standard deduction amount allowed pursuant to this section, ~~and~~ the additional standard deduction amount allowed pursuant to this section for each such deduction allowable to such individual or to such husband and wife under the federal internal revenue code *and the deduction for federal income tax liability as provided in K.S.A. 79-32,120, and amendments thereto*. For tax year 1998, and all tax years thereafter, the standard deduction amount shall be as follows: Single individual filing status, \$3,000; married filing status, \$6,000; and head of household filing status, \$4,500. For tax year 1998, and all tax years thereafter, the additional standard deduction amount shall be as follows: Single individual and head of household filing status, \$850; and married filing status, \$700. For purposes of the foregoing, the federal standard deduction allowable to a husband and wife filing separate Kansas income tax returns shall be determined on the basis that separate federal returns were filed, and the federal standard deduction of a husband and wife filing a joint Kansas income tax return shall be determined on the basis that a joint federal income tax return was filed.

Sec. 2. K.S.A. 79-32,120 is hereby amended to read as follows: 79-32,120. (a) If federal taxable income of an individual is determined by itemizing deductions from such individual's federal adjusted gross income, such individual may elect to deduct the Kansas itemized deduction in lieu of the Kansas standard deduction. The Kansas itemized deduction of an individual means the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

1 (b) The total amount of deductions from federal adjusted gross in-
 2 come shall be reduced by the total amount of income taxes imposed by
 3 or paid to this state or any other taxing jurisdiction to the extent that the
 4 same are deducted in determining the federal itemized deductions ~~and~~
 5 ~~by the amount of all depreciation deductions claimed for any real or~~
 6 ~~tangible personal property upon which the deduction allowed by K.S.A.~~
 7 ~~79-32,168, and amendments thereto, is or has been claimed.~~

8 (c) (1) *In accordance with the schedule provided by paragraph (2),*
 9 *the total amount of deductions from federal adjusted gross income shall*
 10 *be increased by the federal income tax liability determined under the*
 11 *federal internal revenue code for the same taxable year for which the*
 12 *Kansas return is being filed after reduction for all credits thereon, except*
 13 *credits for federal withholding and payments on estimates of federal in-*
 14 *come tax, credits for gasoline and lubricating oil tax, and for foreign tax*
 15 *credits. If, in any year to which this act relates, the taxpayer pays federal*
 16 *income tax pertaining to a prior year's federal income tax liability, such*
 17 *taxpayer may deduct such payment in the year such payment is made if,*
 18 *on the Kansas income tax return for such prior year, such taxpayer com-*
 19 *puted the federal income tax deduction on the basis of federal income tax*
 20 *paid in such prior year, rather than as accrued. The deduction for federal*
 21 *income tax liability for any year shall be determined by multiplying the*
 22 *federal income tax liability for such year by a fraction the numerator of*
 23 *which is the Kansas adjusted gross income for such year and the denom-*
 24 *inator of which is the federal adjusted gross income for the same year.*

25 (2)

<i>Tax Year</i>	<i>% of federal income tax liability allowed</i>
<i>2003</i>	<i>10%</i>
<i>2004</i>	<i>20%</i>
<i>2005</i>	<i>30%</i>
<i>2006</i>	<i>40%</i>
<i>2007</i>	<i>50%</i>
<i>2008</i>	<i>60%</i>
<i>2009</i>	<i>70%</i>
<i>2010</i>	<i>80%</i>
<i>2011</i>	<i>90%</i>
<i>2012 and all tax years thereafter</i>	<i>100%</i>

40 Sec. 3. K.S.A. 79-32,120 and K.S.A. 2001 Supp. 79-32,119 are
 41 hereby repealed.

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