

HOUSE BILL No. 2156

By Committee on K-12 Education Budget

Requested by Representative Steele

1-29

1 AN ACT concerning income taxation; relating to tax credits for education
2 expenses; providing an education opportunity tax credit for taxpayers
3 with eligible dependent children not enrolled in public school;
4 amending K.S.A. 2024 Supp. 79-32,117 and repealing the existing
5 section.
6

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

8 New Section 1. (a) For tax year 2025 and all tax years thereafter,
9 there shall be allowed as a credit against the tax liability of a resident
10 individual imposed under the Kansas income tax act an education
11 opportunity tax credit. For each dependent child eligible to enroll in
12 kindergarten or any of the grades one through 12 in a Kansas public school
13 but who was not so enrolled, the education opportunity tax credit shall be
14 as follows:

15 (1) \$8,000 for each dependent child enrolled full time during the tax
16 year in a private school accredited by the state board of education or a
17 national or regional accrediting agency that is recognized by the state
18 board for the purpose of satisfying the teaching performance assessment
19 for professional licensure or is working in good faith toward such
20 accreditation; or

21 (2) \$4,000 for each dependent child enrolled full time during the tax
22 year in a nonaccredited private school.

23 (b) (1) For tax year 2025, the total amount of credits allowed under
24 this section shall not exceed \$125,000,000. For tax year 2026, and all tax
25 years thereafter, the maximum total amount of credits allowed under this
26 section shall be the same amount as the prior tax year, except that for any
27 tax year in which the annual tax credit amount that was used for the prior
28 tax year was equal to or greater than 90% of the maximum total amount of
29 credits allowed for such prior tax year, the maximum total amount of
30 credits shall increase by 25%. The department of revenue shall publish on
31 its website information identifying such increases in the maximum total
32 amount of tax credits.

33 (2) If the number of applications exceeds the available credit, the
34 secretary shall give priority to taxpayers who have previously received a
35 tax credit under this section.

1 (c) If the amount of the tax credit allowed by this section exceeds the
2 taxpayer's income tax liability imposed under the Kansas income tax act
3 for such tax year, the excess amount shall be refunded to the taxpayer.

4 (d) A taxpayer shall not receive the education opportunity tax credit if
5 such taxpayer fails to provide a valid social security number issued by the
6 social security administration for each dependent child of the taxpayer for
7 whom the taxpayer is seeking such tax credit.

8 (e) A taxpayer shall not be eligible to claim the education opportunity
9 tax credit for a dependent child for a tax year in which such dependent
10 child received a scholarship pursuant to the tax credit for low income
11 students scholarship program act, K.S.A. 72-4351 et seq., and amendments
12 thereto.

13 (f) The department of revenue shall provide an eligible taxpayer the
14 opportunity to either claim and receive the education opportunity tax credit
15 in advance during the tax year or to claim the tax credit on their annual
16 income tax forms. If the taxpayer chooses to claim the tax credit in
17 advance during the tax year, the taxpayer may file an application at any
18 time during the tax year on a form prescribed by the department of
19 revenue.

20 (g) (1) The department of revenue may consult with the state
21 department of education only for the purpose of determining whether or
22 not a dependent child of a taxpayer claiming an education opportunity tax
23 credit is enrolled in a public school, as defined in K.S.A. 72-4352, and
24 amendments thereto, during the tax year for which the credit is claimed.

25 (2) By making a claim for the education opportunity tax credit, the
26 taxpayer acknowledges that the department of revenue may consult with
27 and receive information from the state department of education regarding
28 the public school enrollment status of any dependent child for whom the
29 tax credit is being claimed.

30 (h) On or before January 15 of each year, the department of revenue
31 shall prepare and submit to the legislature a report on the education
32 opportunity tax credit for the second preceding tax year. Such report shall
33 include, but not be limited to, the total amount of credits claimed and any
34 information on known fraudulent claims for the credit.

35 (i) Any person who intentionally files a false claim for the education
36 opportunity tax credit or receives the education opportunity tax credit but
37 does not send such person's dependent child to a private school as
38 described in subsection (a)(1) or (a)(2) shall be subject to a civil penalty in
39 an amount computed in the manner prescribed in K.S.A. 79-3228(e), and
40 amendments thereto.

41 (j) (1) In any legal proceeding challenging the application of this
42 section to a taxpayer receiving the tax credit, the state bears the burden of
43 establishing that the law is necessary and does not impose any undue

1 burden on the on the taxpayer.

2 (2) No liability shall arise on the part of the department, the state or
3 any public school or school district based on the award of or use of an
4 education opportunity tax credit pursuant to this section.

5 (3) If any part of this section is challenged in a state court as violating
6 either the state or federal constitutions, taxpayers claiming the education
7 opportunity tax credit shall be permitted to intervene as of right in such
8 lawsuit for the purposes of defending the education opportunity tax credit's
9 constitutionality. However, for the purposes of judicial administration, a
10 court may require that all taxpayers file a joint brief, so long as they are
11 not required to join any brief filed on behalf of any named state defendant.

12 (4) If any provision of this section, or the application thereof to any
13 person or circumstances, is held invalid, such invalidity shall not affect
14 other provisions or applications of this section which can be given effect
15 without the invalid provision or application, and to this end the provisions
16 of this section are declared to be severable.

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

19 Sec. 2. K.S.A. 2024 Supp. 79-32,117 is hereby amended to read as
20 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
21 means such individual's federal adjusted gross income for the taxable year,
22 with the modifications specified in this section.

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

24 (i) Interest income less any related expenses directly incurred in the
25 purchase of state or political subdivision obligations, to the extent that the
26 same is not included in federal adjusted gross income, on obligations of
27 any state or political subdivision thereof, but to the extent that interest
28 income on obligations of this state or a political subdivision thereof issued
29 prior to January 1, 1988, is specifically exempt from income tax under the
30 laws of this state authorizing the issuance of such obligations, it shall be
31 excluded from computation of Kansas adjusted gross income whether or
32 not included in federal adjusted gross income. Interest income on
33 obligations of this state or a political subdivision thereof issued after
34 December 31, 1987, shall be excluded from computation of Kansas
35 adjusted gross income whether or not included in federal adjusted gross
36 income.

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

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

4 (iv) Federal income tax refunds received by the taxpayer if the
5 deduction of the taxes being refunded resulted in a tax benefit for Kansas
6 income tax purposes during a prior taxable year. Such refunds shall be
7 included in income in the year actually received regardless of the method
8 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
9 be deemed to have resulted if the amount of the tax had been deducted in
10 determining income subject to a Kansas income tax for a prior year
11 regardless of the rate of taxation applied in such prior year to the Kansas
12 taxable income, but only that portion of the refund shall be included as
13 bears the same proportion to the total refund received as the federal taxes
14 deducted in the year to which such refund is attributable bears to the total
15 federal income taxes paid for such year. For purposes of the foregoing
16 sentence, federal taxes shall be considered to have been deducted only to
17 the extent such deduction does not reduce Kansas taxable income below
18 zero.

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

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

27 (vii) The amount of any charitable contribution made to the extent the
28 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
29 32,196, and amendments thereto.

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

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

40 (x) Amounts received as nonqualified withdrawals, as defined by
41 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
42 family postsecondary education savings account, such amounts were
43 subtracted from the federal adjusted gross income pursuant to subsection

1 (c)(xv) or if such amounts are not already included in the federal adjusted
2 gross income.

3 (xi) The amount of any contribution made to the same extent the
4 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
5 50,154, and amendments thereto.

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

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

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

21 (xv) The amount of any expenditures claimed for deduction in
22 determining federal adjusted gross income, to the extent the same is
23 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
24 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
25 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
26 32,251 through 79-32,254, and amendments thereto.

27 (xvi) The amount of any amortization deduction claimed in
28 determining federal adjusted gross income to the extent the same is
29 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
30 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

31 (xvii) 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. 79-32,256, and amendments
34 thereto.

35 (xviii) For taxable years commencing after December 31, 2006, the
36 amount of any ad valorem or property taxes and assessments paid to a state
37 other than Kansas or local government located in a state other than Kansas
38 by a taxpayer who resides in a state other than Kansas, when the law of
39 such state does not allow a resident of Kansas who earns income in such
40 other state to claim a deduction for ad valorem or property taxes or
41 assessments paid to a political subdivision of the state of Kansas in
42 determining taxable income for income tax purposes in such other state, to
43 the extent that such taxes and assessments are claimed as an itemized

1 deduction for federal income tax purposes.

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

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

28 (xxi) For taxable years beginning after December 31, 2012, and
29 ending before January 1, 2017, the amount of any deduction for pension,
30 profit sharing, and annuity plans of self-employed individuals under
31 section 62(a)(6) of the federal internal revenue code as in effect on January
32 1, 2012, and amendments thereto, in determining the federal adjusted gross
33 income of an individual taxpayer.

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

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

1 (xxiv) For taxable years commencing after December 31, 2013, that
2 portion of the amount of any expenditure deduction claimed in
3 determining federal adjusted gross income for expenses paid for medical
4 care of the taxpayer or the taxpayer's spouse or dependents when such
5 expenses were paid or incurred for an abortion, or for a health benefit plan,
6 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
7 an optional rider for coverage of abortion in accordance with K.S.A. 40-
8 2,190, and amendments thereto, to the extent that such taxes and
9 assessments are claimed as an itemized deduction for federal income tax
10 purposes.

11 (xxv) For taxable years commencing after December 31, 2013, that
12 portion of the amount of any expenditure deduction claimed in
13 determining federal adjusted gross income for expenses paid by a taxpayer
14 for health care when such expenses were paid or incurred for abortion
15 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
16 amendments thereto, when such expenses were paid or incurred for
17 abortion coverage or amounts contributed to health savings accounts for
18 such taxpayer's employees for the purchase of an optional rider for
19 coverage of abortion in accordance with K.S.A. 40-2,190, and
20 amendments thereto, to the extent that such taxes and assessments are
21 claimed as a deduction for federal income tax purposes.

22 (xxvi) For all taxable years beginning after December 31, 2016, the
23 amount of any charitable contribution made to the extent the same is
24 claimed as the basis for the credit allowed pursuant to K.S.A. 72-4357, and
25 amendments thereto, and is also claimed as an itemized deduction for
26 federal income tax purposes.

27 (xxvii) For all taxable years commencing after December 31, 2020,
28 the amount of any interest expense paid or accrued in a previous taxable
29 year but allowed as a deduction pursuant to section 163 of the federal
30 internal revenue code in the current taxable year by reason of the
31 carryforward of disallowed business interest pursuant to section 163(j) of
32 the federal internal revenue code. For purposes of this paragraph, an
33 interest expense is considered paid or accrued only in the first taxable year
34 the deduction would have been allowable pursuant to section 163 of the
35 federal internal revenue code if the limitation pursuant to section 163(j) of
36 the federal internal revenue code did not exist.

37 (xxviii) For all taxable years beginning after December 31, 2021, the
38 amount of any contributions to, or earnings from, a first-time home buyer
39 savings account if distributions from the account were not used to pay for
40 expenses or transactions authorized pursuant to K.S.A. 2024 Supp. 58-
41 4904, and amendments thereto, or were not held for the minimum length
42 of time required pursuant to K.S.A. 2024 Supp. 58-4904, and amendments
43 thereto. Contributions to, or earnings from, such account shall also include

1 any amount resulting from the account holder not designating a surviving
2 payable on death beneficiary pursuant to K.S.A. 2024 Supp. 58-4904(e),
3 and amendments thereto.

4 (xxix) For all taxable years beginning after December 31, 2024, the
5 amount of any contributions to, or earnings from, an adoption savings
6 account if distributions from the account were not used to pay for expenses
7 or transactions authorized pursuant to K.S.A. 2024 Supp. 38-2504, and
8 amendments thereto, or were not held for the minimum length of time
9 required pursuant to K.S.A. 2024 Supp. 38-2504, and amendments thereto.
10 Contributions to, or earnings from, such account shall also include any
11 amount resulting from the account holder not designating a surviving
12 payable on death beneficiary pursuant to K.S.A. 2024 Supp. 38-2504(e),
13 and amendments thereto.

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

15 (i) Interest or dividend income on obligations or securities of any
16 authority, commission or instrumentality of the United States and its
17 possessions less any related expenses directly incurred in the purchase of
18 such obligations or securities, to the extent included in federal adjusted
19 gross income but exempt from state income taxes under the laws of the
20 United States.

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

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

32 (iv) The amount necessary to prevent the taxation under this act of
33 any annuity or other amount of income or gain which was properly
34 included in income or gain and was taxed under the laws of this state for a
35 taxable year prior to the effective date of this act, as amended, to the
36 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
37 the right to receive the income or gain, or to a trust or estate from which
38 the taxpayer received the income or gain.

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

43 (vi) Accumulation distributions received by a taxpayer as a

1 beneficiary of a trust to the extent that the same are included in federal
2 adjusted gross income.

3 (vii) Amounts received as annuities under the federal civil service
4 retirement system from the civil service retirement and disability fund and
5 other amounts received as retirement benefits in whatever form which
6 were earned for being employed by the federal government or for service
7 in the armed forces of the United States.

8 (viii) Amounts received by retired railroad employees as a
9 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
10 228c(a)(1) et seq.

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

16 (x) (1) For taxable years beginning after December 31, 2021, the
17 amount of any federal credit disallowance under the provisions of 26
18 U.S.C. § 280C(a).

19 (2) For taxable years beginning after December 31, 2019, and ending
20 before January 1, 2022, 50% of the amount of the federal employee
21 retention credit disallowance under rules similar to the rules of 26 U.S.C. §
22 280C(a). The taxpayer shall be required to prove that such taxpayer
23 previously filed Kansas income tax returns and paid Kansas income tax on
24 the disallowed amount. Notwithstanding any other provision of law to the
25 contrary, any claim for refund or amended return relating to this
26 subparagraph shall be allowed to be filed on or before April 15, 2025, and
27 no claim for refund or amended return shall be allowed or filed after April
28 15, 2025.

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

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

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

39 (xiv) For all taxable years commencing after December 31, 1996, that
40 portion of any income of a bank organized under the laws of this state or
41 any other state, a national banking association organized under the laws of
42 the United States, an association organized under the savings and loan
43 code of this state or any other state, or a federal savings association

1 organized under the laws of the United States, for which an election as an
2 S corporation under subchapter S of the federal internal revenue code is in
3 effect, which accrues to the taxpayer who is a stockholder of such
4 corporation and which is not distributed to the stockholders as dividends of
5 the corporation. For taxable years beginning after December 31, 2012, and
6 ending before January 1, 2017, the amount of modification under this
7 subsection shall exclude the portion of income or loss reported on schedule
8 E and included on line 17 of the taxpayer's form 1040 federal individual
9 income tax return.

10 (xv) The cumulative amounts not exceeding \$3,000, or \$6,000 for a
11 married couple filing a joint return, for each designated beneficiary that
12 are contributed to: (1) A family postsecondary education savings account
13 established under the Kansas postsecondary education savings program or
14 a qualified tuition program established and maintained by another state or
15 agency or instrumentality thereof pursuant to section 529 of the internal
16 revenue code of 1986, as amended, for the purpose of paying the qualified
17 higher education expenses of a designated beneficiary; or (2) an achieving
18 a better life experience (ABLE) account established under the Kansas
19 ABLE savings program or a qualified ABLE program established and
20 maintained by another state or agency or instrumentality thereof pursuant
21 to section 529A of the internal revenue code of 1986, as amended, for the
22 purpose of saving private funds to support an individual with a disability.
23 The terms and phrases used in this paragraph shall have the meaning
24 respectively ascribed thereto by the provisions of K.S.A. 75-643 and 75-
25 652, and amendments thereto, and the provisions of such sections are
26 hereby incorporated by reference for all purposes thereof. For all taxable
27 years beginning after December 31, 2022, contributions made to a
28 qualified tuition program account or a qualified ABLE program account
29 pursuant to this paragraph on and after January 1 but prior to the date
30 required for filing a return pursuant to K.S.A. 79-3221, and amendments
31 thereto, of the successive taxable year may be elected by the taxpayer to
32 apply to the prior taxable year if such election is made at the time of filing
33 the return. No contribution shall be used as a modification pursuant to this
34 paragraph in more than one taxable year.

35 (xvi) For all taxable years beginning after December 31, 2004,
36 amounts received by taxpayers who are or were members of the armed
37 forces of the United States, including service in the Kansas army and air
38 national guard, as a recruitment, sign up or retention bonus received by
39 such taxpayer as an incentive to join, enlist or remain in the armed services
40 of the United States, including service in the Kansas army and air national
41 guard, and amounts received for repayment of educational or student loans
42 incurred by or obligated to such taxpayer and received by such taxpayer as
43 a result of such taxpayer's service in the armed forces of the United States,

1 including service in the Kansas army and air national guard.

2 (xvii) For all taxable years beginning after December 31, 2004,
3 amounts received by taxpayers who are eligible members of the Kansas
4 army and air national guard as a reimbursement pursuant to K.S.A. 48-
5 281, and amendments thereto, and amounts received for death benefits
6 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
7 such death benefits are included in federal adjusted gross income of the
8 taxpayer.

9 (xviii) (A) For all taxable years beginning after December 31, 2007,
10 and ending before January 1, 2024, amounts received as benefits under the
11 federal social security act which are included in federal adjusted gross
12 income of a taxpayer with federal adjusted gross income of \$75,000 or
13 less, whether such taxpayer's filing status is single, head of household,
14 married filing separate or married filing jointly.

15 (B) For all taxable years beginning after December 31, 2023, amounts
16 received as benefits under the federal social security act that are included
17 in federal adjusted gross income of a taxpayer.

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

20 (xx) For taxable years beginning after December 31, 2012, and
21 ending before January 1, 2017, the amount of any: (1) Net profit from
22 business as determined under the federal internal revenue code and
23 reported from schedule C and on line 12 of the taxpayer's form 1040
24 federal individual income tax return; (2) net income, not including
25 guaranteed payments as defined in section 707(c) of the federal internal
26 revenue code and as reported to the taxpayer from federal schedule K-1,
27 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
28 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
29 partnerships, S corporations, estates, trusts, residual interest in real estate
30 mortgage investment conduits and net farm rental as determined under the
31 federal internal revenue code and reported from schedule E and on line 17
32 of the taxpayer's form 1040 federal individual income tax return; and (3)
33 net farm profit as determined under the federal internal revenue code and
34 reported from schedule F and on line 18 of the taxpayer's form 1040
35 federal income tax return; all to the extent included in the taxpayer's
36 federal adjusted gross income. For purposes of this subsection, references
37 to the federal form 1040 and federal schedule C, schedule E, and schedule
38 F, shall be to such form and schedules as they existed for tax year 2011
39 and as revised thereafter by the internal revenue service.

40 (xxi) For all taxable years beginning after December 31, 2013,
41 amounts equal to the unreimbursed travel, lodging and medical
42 expenditures directly incurred by a taxpayer while living, or a dependent
43 of the taxpayer while living, for the donation of one or more human organs

1 of the taxpayer, or a dependent of the taxpayer, to another person for
2 human organ transplantation. The expenses may be claimed as a
3 subtraction modification provided for in this section to the extent the
4 expenses are not already subtracted from the taxpayer's federal adjusted
5 gross income. In no circumstances shall the subtraction modification
6 provided for in this section for any individual, or a dependent, exceed
7 \$5,000. As used in this section, "human organ" means all or part of a liver,
8 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
9 paragraph shall take effect on the day the secretary of revenue certifies to
10 the director of the budget that the cost for the department of revenue of
11 modifications to the automated tax system for the purpose of
12 implementing this paragraph will not exceed \$20,000.

13 (xxii) For taxable years beginning after December 31, 2012, and
14 ending before January 1, 2017, the amount of net gain from the sale of: (1)
15 Cattle and horses, regardless of age, held by the taxpayer for draft,
16 breeding, dairy or sporting purposes, and held by such taxpayer for 24
17 months or more from the date of acquisition; and (2) other livestock,
18 regardless of age, held by the taxpayer for draft, breeding, dairy or
19 sporting purposes, and held by such taxpayer for 12 months or more from
20 the date of acquisition. The subtraction from federal adjusted gross income
21 shall be limited to the amount of the additions recognized under the
22 provisions of subsection (b)(xix) attributable to the business in which the
23 livestock sold had been used. As used in this paragraph, the term
24 "livestock" shall not include poultry.

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

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

33 (xxv) For all taxable years commencing after December 31, 2020,
34 100% of global intangible low-taxed income under section 951A of the
35 federal internal revenue code of 1986, before any deductions allowed
36 under section 250(a)(1)(B) of such code.

37 (xxvi) (1) For all taxable years commencing after December 31,
38 2020, the amount of any interest expense paid or accrued in the current
39 taxable year and disallowed as a deduction pursuant to section 163(j) of
40 the federal internal revenue code.

41 (2) For purposes of this paragraph, an interest expense is considered
42 paid or accrued only in the first taxable year the deduction would have
43 been allowable pursuant to section 163 of the federal internal revenue code

1 if the limitation pursuant to section 163(j) of the federal internal revenue
2 code did not exist.

3 (3) For tax year 2021, an amount equal to the sum of any interest
4 expenses paid or accrued in tax years 2018, 2019 and 2020 less the sum of
5 amounts allowed as a deduction pursuant to section 163 of the federal
6 internal revenue code in tax years 2018, 2019 and 2020.

7 (xxvii) For taxable years commencing after December 31, 2020, the
8 amount disallowed as a deduction pursuant to section 274 of the federal
9 internal revenue code of 1986 for meal expenditures shall be allowed to
10 the extent such expense was deductible for determining federal income tax
11 and was allowed and in effect on December 31, 2017.

12 (xxviii) For all taxable years beginning after December 31, 2021: (1)
13 The amount contributed to a first-time home buyer savings account
14 pursuant to K.S.A. 2024 Supp. 58-4903, and amendments thereto, in an
15 amount not to exceed \$3,000 for an individual or \$6,000 for a married
16 couple filing a joint return; or (2) amounts received as income earned from
17 assets in a first-time home buyer savings account. For all taxable years
18 beginning after December 31, 2022, contributions made to a first-time
19 home buyer savings account pursuant to subparagraph (1) on and after
20 January 1 but prior to the date required for filing a return pursuant to
21 K.S.A. 79-3221, and amendments thereto, of the successive taxable year
22 may be elected by the taxpayer to apply to the prior taxable year if such
23 election is made at the time of filing the return. No contribution shall be
24 used as a modification pursuant to subparagraph (1) in more than one
25 taxable year.

26 (xxix) For taxable years beginning after December 31, 2017, for an
27 individual taxpayer who carried back federal net operating losses arising in
28 a taxable year beginning after December 31, 2017, and before January 1,
29 2021, pursuant to section 172(b)(1) of the federal internal revenue code as
30 amended by the coronavirus aid, relief, and economic security act
31 (CARES act), the amount of such federal net operating loss carryback for
32 each applicable year. If the amount of such federal net operating loss
33 carryback exceeds the taxpayer's Kansas adjusted gross income for such
34 taxable year, the amount thereof that exceeds such Kansas adjusted gross
35 income may be carried forward as a subtraction modification in the
36 following taxable year or years until the total amount of such federal net
37 operating loss carryback has been deducted, except that no such unused
38 amount shall be carried forward for deduction as a subtraction
39 modification after the 20th taxable year following the taxable year of the
40 net operating loss. Notwithstanding any other provision of law to the
41 contrary, an extension of time shall be allowed for a claim for refund or
42 amended return for tax years 2018, 2019 or 2020 limited to the application
43 of the provisions of this paragraph and such claim for refund or amended

1 return must be filed on or before April 15, 2025.

2 (xxx) For all taxable years beginning after December 31, 2024: (1)
3 The amount contributed to an adoption savings account pursuant to K.S.A.
4 2024 Supp. 38-2503, and amendments thereto, in an amount not to exceed
5 \$6,000 for an individual or \$12,000 for a married couple filing a joint
6 return; or (2) amounts received as income earned from assets in an
7 adoption savings account.

8 (xxxi) *For all taxable years beginning after December 31, 2025, the*
9 *amount of any state income tax refund received applicable to the*
10 *education opportunity tax credit pursuant to section 1, and amendments*
11 *thereto, to the extent included in federal adjusted gross income of the*
12 *taxpayer.*

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

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

22 Sec. 3. K.S.A. 2024 Supp. 79-32,117 is hereby repealed.

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