

SENATE BILL No. 196

By Committee on Federal and State Affairs

2-4

1 AN ACT concerning employment; prohibiting the employment of
2 unauthorized aliens by business entities and public employers;
3 requiring use and registration of the e-verify program; prohibiting the
4 deduction of certain wages and remuneration to unauthorized aliens;
5 amending K.S.A. 2024 Supp. 79-32,117 and repealing the existing
6 section.

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

9 New Section 1. For the purposes of sections 1 through 4, and
10 amendments thereto:

11 (a) "Alien" means the same as provided in 8 U.S.C. § 1101.

12 (b) "Employee" means any person directed, allowed or permitted to
13 perform labor or service of any kind by an employer, with the exception of
14 casual domestic labor hired to work in or around an individual's personal
15 place of residence. The employees of an independent contractor working
16 for a business entity shall not be deemed as the employees of the business
17 entity for the purposes of this section.

18 (c) "Business entity" means any person or group of persons
19 performing or engaging in any activity, enterprise, profession or
20 occupation for gain, benefit, advantage or livelihood, whether for-profit or
21 not-for-profit. "Business entity" includes, but is not limited to:

22 (1) Self-employed individuals, business entities filing articles of
23 incorporation, partnerships, limited partnerships, limited liability
24 companies, foreign corporations, foreign limited partnerships, foreign
25 limited liability companies authorized to transact business in this state,
26 business trusts and any business entity that registers with the secretary of
27 state; and

28 (2) any business entity that possesses a business license or
29 registration to do business issued by the state, is exempt by law from
30 obtaining such a business license or operating unlawfully without such a
31 business license.

32 (d) "Business license" means a license, permit, certificate, approval,
33 registration, charter or similar form of authorization to perform a service
34 or conduct any activity, enterprise, profession or occupation issued to a
35 business entity by this state or any subdivision of this state. "Business
36 license" does not include registration with the secretary of state to transact

1 business as a corporation, limited liability company, partnership or other
2 business entity in this state.

3 (e) "New employee" means a person who becomes an employee of an
4 employer on or after July 1, 2025.

5 (f) "Person" means a natural person.

6 (g) "Public employer" means any department, agency, political
7 subdivision or instrumentality of the state.

8 (h) "Unauthorized alien" means an alien who does not have the legal
9 right or authorization under federal law to work in the United States as
10 described in 8 U.S.C. § 1324a(h)(3).

11 (i) "E-verify" means the electronic verification of federal employment
12 authorization program, or its successor program, used to compare
13 information from form I-9 to governmental records to confirm that an
14 employee is authorized to work in the United States pursuant to 8 U.S.C. §
15 1324a and that is operated by the United States department of homeland
16 security and the social security administration.

17 New Sec. 2. (a) It is unlawful for an employer to knowingly hire or to
18 recruit or refer for a fee an unauthorized alien for employment in this state.
19 It shall be a violation of this section for an employer to:

20 (1) Use a contract, subcontract or other independent contractor
21 agreement to obtain the labor of an unauthorized alien in this state; or

22 (2) knowingly contract with an unauthorized alien or with a person
23 who employs or contracts with an unauthorized alien to perform the labor.

24 (b) The provisions of this section may be enforced in the courts of
25 this state by a civil action brought by any county or district attorney or the
26 attorney general.

27 (c) (1) The attorney general shall develop a complaint form for a
28 person to allege a violation of subsection (a). The complainant shall not be
29 required to list the complainant's social security number on the complaint
30 form or to have the complaint form notarized. On receipt of a complaint on
31 such complaint form that an employer has allegedly knowingly employed
32 an unauthorized alien, the county or district attorney or attorney general
33 shall investigate whether the business entity has violated the provisions of
34 subsection (a). If a complaint is received but is not submitted on a
35 complaint form developed by the attorney general, the county or district
36 attorney or attorney general may investigate whether the employer has
37 violated the provisions of subsection (a). The county or district attorney or
38 attorney general shall not investigate complaints that are based solely on
39 race, color or national origin. This subsection shall not be construed to
40 prohibit the filing of anonymous complaints that are not submitted on a
41 complaint form developed by the attorney general.

42 (2) A complaint that is submitted to the attorney general or the county
43 or district attorney shall be provided by the attorney general or, when

1 submitted to a different county or the district attorney, by such county or
2 district attorney to the county or district attorney of the county in which
3 the alleged unauthorized alien is, or was previously, employed by the
4 business entity. The county sheriff or any other local law enforcement
5 agency may assist in investigating a complaint. When investigating a
6 complaint, the county or district attorney or attorney general shall verify
7 the employment authorization of the alleged unauthorized alien with the
8 federal government pursuant to 8 U.S.C. § 1373(c).

9 (3) A person who knowingly files a false and frivolous complaint
10 under this subsection is guilty of a class C nonperson misdemeanor.

11 (d) If the county or district attorney or attorney general elects to bring
12 an action to enforce this section, the county or district attorney or attorney
13 general shall notify the United States immigration and customs
14 enforcement.

15 (e) (1) If a business entity violates the provisions of this section, the
16 court shall order the business entity to terminate the employment of all
17 unauthorized aliens and file a signed affidavit with the relevant county or
18 district attorney within three business days. The affidavit shall state that
19 the business entity has terminated the employment of all unauthorized
20 aliens in this state and will not intentionally or knowingly employ an
21 unauthorized alien in this state. If the business entity fails to file a signed
22 affidavit with the county or district attorney within three business days, the
23 court shall order the suspension of all business licenses that are held by the
24 business entity until the business entity files such signed affidavit with the
25 county or district attorney.

26 (2) (A) For a first violation of this section, the court shall order the
27 suspension of all business licenses issued by the state or any subdivision of
28 the state that are held by the business entity for at least one day but not
29 more than 30 days.

30 (B) For a second violation of this section, the court shall order the
31 suspension of all licenses that are held by the business entity for at least 30
32 days but not more than one year.

33 (C) For a third violation of this section, the court shall order the
34 permanent suspension of all business licenses that are held by the business
35 entity and the revocation of the business entity's registration as a
36 corporation, limited liability company or limited partnership in this state, if
37 applicable.

38 (f) (1) In enforcing the provisions of this section, no state, county or
39 local official in this state shall attempt to independently determine whether
40 an individual is an unauthorized alien or an alien not lawfully present in
41 the United States. Such determination shall only be made by verifying the
42 alien's employment authorization status with the federal government
43 pursuant to 8 U.S.C. § 1373(c).

1 (2) When making a determination of whether an employee is an
2 unauthorized alien, a court shall only consider the federal government's
3 determination pursuant to 8 U.S.C. § 1373(c). The court shall take judicial
4 notice of any verification of the employment authorization status
5 previously provided by the federal government. The court may, and at the
6 request of a party shall, request the federal government to provide a new
7 verification of the employment authorization status of the employee
8 pursuant to 8 U.S.C. § 1373(c). The most recent determination of the
9 employment authorization status of an employee by the federal
10 government shall create a rebuttable presumption as to the employee's
11 employment authorization status.

12 (g) A business entity that has complied in good faith with:

13 (1) This section through enrollment in e-verify and that has used e-
14 verify to confirm the employment authorization of any employee in
15 question shall have a rebuttable presumption that the business entity did
16 not knowingly employ an unauthorized alien; and

17 (2) the requirements of 8 U.S.C. § 1324a(b) shall have an affirmative
18 defense that the business entity did not knowingly employ an unauthorized
19 alien.

20 (h) Any penalty imposed pursuant to this section may be imposed
21 separate from, commensurate with or in addition to any other applicable
22 civil or criminal penalty, including, but not limited to, any criminal penalty
23 pursuant to K.S.A. 21-6509, and amendments thereto.

24 New Sec. 3. (a) (1) On and after July 1, 2025, every business entity
25 doing business within this state that employs one or more employees shall
26 register with and utilize e-verify to verify the employment authorization of
27 all new employees. The business entity shall retain all documentation
28 received in connection with its participation in e-verify that verifies the
29 employment authorization of any employee verified through e-verify for at
30 least three years after the end of an employee's employment with such
31 business entity. Upon request by any county or district attorney or the
32 attorney general, the business entity shall provide this documentation to
33 such county or district attorney or the attorney general.

34 (2) The provisions of this subsection may be enforced in the courts of
35 this state by a civil action brought by any county or district attorney or the
36 attorney general. Upon a finding of a violation of this subsection by a
37 business entity, the court shall order the suspension of all licenses issued
38 by the state or any subdivision of the state that are held by the business
39 entity for at least 10 days but not more than one year.

40 (b) On and after July 1, 2025, every public employer in this state shall
41 register with and utilize e-verify to verify the employment authorization of
42 all new employees.

43 (c) On and after July 1, 2025, no public employer shall enter into a

1 contract for the performance of services within this state unless the
2 contractor registers and participates in e-verify to verify the employment
3 authorization of all new employees. This subsection shall not apply to any
4 contracts entered into prior to July 1, 2025.

5 New Sec. 4. (a) All business entities shall annually submit a signed
6 affidavit to the secretary of revenue that states:

7 (1) Whether the business entity:

8 (A) Utilized a business expense or business loss deduction in
9 determining federal adjusted gross income;

10 (B) employed any employees or independent contractors for the tax
11 year in question and the number of such employees or contractors;

12 (C) is enrolled in and is actively participating in e-verify;

13 (D) has used e-verify to confirm the employment authorization of
14 every employee hired on or after July 1, 2025; and

15 (E) has confirmed that any independent contractor paid by the
16 business entity is an independent contractor who is registered with and
17 utilizing e-verify to verify the employment authorization of all new
18 employees; and

19 (2) the business entity's identification number signifying the
20 employer's enrollment in e-verify.

21 (b) The secretary of revenue may audit any business entity that:

22 (1) Fails to timely submit an affidavit required by this subsection; or

23 (2) the secretary has probable cause to believe is out of compliance
24 with this section.

25 (c) If the secretary of revenue determines that a business entity has
26 knowingly made material misrepresentations of fact regarding information
27 contained in the affidavit, the business entity shall be required to add back
28 business deductions taken, to the extent such deductions constitute wages
29 or remuneration paid to employees whose employment authorization was
30 not verified using e-verify, in determining the business entity's adjusted
31 gross income used to calculate the business entity's state tax liability.

32 Sec. 5. K.S.A. 2024 Supp. 79-32,117 is hereby amended to read as
33 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
34 means such individual's federal adjusted gross income for the taxable year,
35 with the modifications specified in this section.

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

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

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

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

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

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

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

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

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

43 (viii) The amount of any costs incurred for improvements to a swine

1 facility, claimed for deduction in determining federal adjusted gross
2 income, to the extent the same is claimed as the basis for any credit
3 allowed pursuant to K.S.A. 79-32,204, and amendments thereto.

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

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

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

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

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

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

34 (xv) The amount of any expenditures claimed for deduction in
35 determining federal adjusted gross income, to the extent the same is
36 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
37 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
38 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
39 32,251 through 79-32,254, and amendments thereto.

40 (xvi) The amount of any amortization deduction claimed in
41 determining federal adjusted gross income to the extent the same is
42 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
43 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

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

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

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

41 (xxi) For taxable years beginning after December 31, 2012, and
42 ending before January 1, 2017, the amount of any deduction for pension,
43 profit sharing, and annuity plans of self-employed individuals under

1 section 62(a)(6) of the federal internal revenue code as in effect on January
2 1, 2012, and amendments thereto, in determining the federal adjusted gross
3 income of an individual taxpayer.

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

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

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

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

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

40 (xxvii) For all taxable years commencing after December 31, 2020,
41 the amount of any interest expense paid or accrued in a previous taxable
42 year but allowed as a deduction pursuant to section 163 of the federal
43 internal revenue code in the current taxable year by reason of the

1 carryforward of disallowed business interest pursuant to section 163(j) of
2 the federal internal revenue code. For purposes of this paragraph, an
3 interest expense is considered paid or accrued only in the first taxable year
4 the deduction would have been allowable pursuant to section 163 of the
5 federal internal revenue code if the limitation pursuant to section 163(j) of
6 the federal internal revenue code did not exist.

7 (xxviii) For all taxable years beginning after December 31, 2021, the
8 amount of any contributions to, or earnings from, a first-time home buyer
9 savings account if distributions from the account were not used to pay for
10 expenses or transactions authorized pursuant to K.S.A. 2024 Supp. 58-
11 4904, and amendments thereto, or were not held for the minimum length
12 of time required pursuant to K.S.A. 2024 Supp. 58-4904, and amendments
13 thereto. Contributions to, or earnings from, such account shall also include
14 any amount resulting from the account holder not designating a surviving
15 payable on death beneficiary pursuant to K.S.A. 2024 Supp. 58-4904(e),
16 and amendments thereto.

17 (xxix) For all taxable years beginning after December 31, 2024, the
18 amount of any contributions to, or earnings from, an adoption savings
19 account if distributions from the account were not used to pay for expenses
20 or transactions authorized pursuant to K.S.A. 2024 Supp. 38-2504, and
21 amendments thereto, or were not held for the minimum length of time
22 required pursuant to K.S.A. 2024 Supp. 38-2504, and amendments thereto.
23 Contributions to, or earnings from, such account shall also include any
24 amount resulting from the account holder not designating a surviving
25 payable on death beneficiary pursuant to K.S.A. 2024 Supp. 38-2504(e),
26 and amendments thereto.

27 (xxx) (1) *For all taxable years beginning after December 31, 2024:*

28 (A) *Wages or remuneration for the performance of labor paid to an*
29 *individual claimed as a deduction for federal income tax purposes by a*
30 *taxpayer if the individual is an unauthorized alien. The provisions of this*
31 *subsection shall apply regardless of whether an internal revenue service*
32 *form 1099 is issued in conjunction with the wages or remuneration; and*

33 (B) *any deductible business expense claimed as a deduction for*
34 *federal income tax purposes of wages or remuneration for the*
35 *performance of labor paid to an independent contractor who is not*
36 *registered with and utilizing the e-verify system to verify the federal*
37 *employment authorization of all new employees.*

38 (2) *For purposes of this subsection, "e-verify," "new employee" and*
39 *"unauthorized alien" mean the same as defined in section 1, and*
40 *amendments thereto.*

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

42 (i) Interest or dividend income on obligations or securities of any
43 authority, commission or instrumentality of the United States and its

1 possessions less any related expenses directly incurred in the purchase of
2 such obligations or securities, to the extent included in federal adjusted
3 gross income but exempt from state income taxes under the laws of the
4 United States.

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

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

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

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

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

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

35 (viii) Amounts received by retired railroad employees as a
36 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
37 228c(a)(1) et seq.

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

43 (x) (1) For taxable years beginning after December 31, 2021, the

1 amount of any federal credit disallowance under the provisions of 26
2 U.S.C. § 280C(a).

3 (2) For taxable years beginning after December 31, 2019, and ending
4 before January 1, 2022, 50% of the amount of the federal employee
5 retention credit disallowance under rules similar to the rules of 26 U.S.C. §
6 280C(a). The taxpayer shall be required to prove that such taxpayer
7 previously filed Kansas income tax returns and paid Kansas income tax on
8 the disallowed amount. Notwithstanding any other provision of law to the
9 contrary, any claim for refund or amended return relating to this
10 subparagraph shall be allowed to be filed on or before April 15, 2025, and
11 no claim for refund or amended return shall be allowed or filed after April
12 15, 2025.

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

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

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

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

37 (xv) The cumulative amounts not exceeding \$3,000, or \$6,000 for a
38 married couple filing a joint return, for each designated beneficiary that
39 are contributed to: (1) A family postsecondary education savings account
40 established under the Kansas postsecondary education savings program or
41 a qualified tuition program established and maintained by another state or
42 agency or instrumentality thereof pursuant to section 529 of the internal
43 revenue code of 1986, as amended, for the purpose of paying the qualified

1 higher education expenses of a designated beneficiary; or (2) an achieving
2 a better life experience (ABLE) account established under the Kansas
3 ABLE savings program or a qualified ABLE program established and
4 maintained by another state or agency or instrumentality thereof pursuant
5 to section 529A of the internal revenue code of 1986, as amended, for the
6 purpose of saving private funds to support an individual with a disability.
7 The terms and phrases used in this paragraph shall have the meaning
8 respectively ascribed thereto by the provisions of K.S.A. 75-643 and 75-
9 652, and amendments thereto, and the provisions of such sections are
10 hereby incorporated by reference for all purposes thereof. For all taxable
11 years beginning after December 31, 2022, contributions made to a
12 qualified tuition program account or a qualified ABLE program account
13 pursuant to this paragraph on and after January 1 but prior to the date
14 required for filing a return pursuant to K.S.A. 79-3221, and amendments
15 thereto, of the successive taxable year may be elected by the taxpayer to
16 apply to the prior taxable year if such election is made at the time of filing
17 the return. No contribution shall be used as a modification pursuant to this
18 paragraph in more than one taxable year.

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

29 (xvii) For all taxable years beginning after December 31, 2004,
30 amounts received by taxpayers who are eligible members of the Kansas
31 army and air national guard as a reimbursement pursuant to K.S.A. 48-
32 281, and amendments thereto, and amounts received for death benefits
33 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
34 such death benefits are included in federal adjusted gross income of the
35 taxpayer.

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

42 (B) For all taxable years beginning after December 31, 2023, amounts
43 received as benefits under the federal social security act that are included

1 in federal adjusted gross income of a taxpayer.

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

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

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

40 (xxii) For taxable years beginning after December 31, 2012, and
41 ending before January 1, 2017, the amount of net gain from the sale of: (1)
42 Cattle and horses, regardless of age, held by the taxpayer for draft,
43 breeding, dairy or sporting purposes, and held by such taxpayer for 24

1 months or more from the date of acquisition; and (2) other livestock,
2 regardless of age, held by the taxpayer for draft, breeding, dairy or
3 sporting purposes, and held by such taxpayer for 12 months or more from
4 the date of acquisition. The subtraction from federal adjusted gross income
5 shall be limited to the amount of the additions recognized under the
6 provisions of subsection (b)(xix) attributable to the business in which the
7 livestock sold had been used. As used in this paragraph, the term
8 "livestock" shall not include poultry.

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

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

17 (xxv) For all taxable years commencing after December 31, 2020,
18 100% of global intangible low-taxed income under section 951A of the
19 federal internal revenue code of 1986, before any deductions allowed
20 under section 250(a)(1)(B) of such code.

21 (xxvi) (1) For all taxable years commencing after December 31,
22 2020, the amount of any interest expense paid or accrued in the current
23 taxable year and disallowed as a deduction pursuant to section 163(j) of
24 the federal internal revenue code.

25 (2) For purposes of this paragraph, an interest expense is considered
26 paid or accrued only in the first taxable year the deduction would have
27 been allowable pursuant to section 163 of the federal internal revenue code
28 if the limitation pursuant to section 163(j) of the federal internal revenue
29 code did not exist.

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

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

39 (xxviii) For all taxable years beginning after December 31, 2021: (1)
40 The amount contributed to a first-time home buyer savings account
41 pursuant to K.S.A. 2024 Supp. 58-4903, and amendments thereto, in an
42 amount not to exceed \$3,000 for an individual or \$6,000 for a married
43 couple filing a joint return; or (2) amounts received as income earned from

1 assets in a first-time home buyer savings account. For all taxable years
2 beginning after December 31, 2022, contributions made to a first-time
3 home buyer savings account pursuant to subparagraph (1) on and after
4 January 1 but prior to the date required for filing a return pursuant to
5 K.S.A. 79-3221, and amendments thereto, of the successive taxable year
6 may be elected by the taxpayer to apply to the prior taxable year if such
7 election is made at the time of filing the return. No contribution shall be
8 used as a modification pursuant to subparagraph (1) in more than one
9 taxable year.

10 (xxix) For taxable years beginning after December 31, 2017, for an
11 individual taxpayer who carried back federal net operating losses arising in
12 a taxable year beginning after December 31, 2017, and before January 1,
13 2021, pursuant to section 172(b)(1) of the federal internal revenue code as
14 amended by the coronavirus aid, relief, and economic security act
15 (CARES act), the amount of such federal net operating loss carryback for
16 each applicable year. If the amount of such federal net operating loss
17 carryback exceeds the taxpayer's Kansas adjusted gross income for such
18 taxable year, the amount thereof that exceeds such Kansas adjusted gross
19 income may be carried forward as a subtraction modification in the
20 following taxable year or years until the total amount of such federal net
21 operating loss carryback has been deducted, except that no such unused
22 amount shall be carried forward for deduction as a subtraction
23 modification after the 20th taxable year following the taxable year of the
24 net operating loss. Notwithstanding any other provision of law to the
25 contrary, an extension of time shall be allowed for a claim for refund or
26 amended return for tax years 2018, 2019 or 2020 limited to the application
27 of the provisions of this paragraph and such claim for refund or amended
28 return must be filed on or before April 15, 2025.

29 (xxx) For all taxable years beginning after December 31, 2024: (1)
30 The amount contributed to an adoption savings account pursuant to K.S.A.
31 2024 Supp. 38-2503, and amendments thereto, in an amount not to exceed
32 \$6,000 for an individual or \$12,000 for a married couple filing a joint
33 return; or (2) amounts received as income earned from assets in an
34 adoption savings account.

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

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

1 Sec. 6. K.S.A. 2024 Supp. 79-32,117 is hereby repealed.

2 Sec. 7. This act shall take effect and be in force from and after its
3 publication in the statute book.