

SENATE BILL No. 268

By Committee on Assessment and Taxation

2-13

1 AN ACT concerning income taxation; relating to Kansas adjusted gross
2 income; clarifying modifications for certain business interest expenses
3 and federal net operating loss carrybacks; providing a technical change
4 to a statutory cross reference for recaptured moneys related to adoption
5 savings accounts; amending K.S.A. 2024 Supp. 38-2504 and 79-32,117
6 and repealing the existing sections.

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

9 Section 1. K.S.A. 2024 Supp. 38-2504 is hereby amended to read as
10 follows: 38-2504. (a) The moneys in an adoption savings account may be:

11 (1) Used for eligible expenses related to a designated beneficiary's
12 adoption of a child;

13 (2) used for eligible expenses that would have qualified pursuant to
14 paragraph (1) but the adoption was not completed;

15 (3) transferred to another newly created account;

16 (4) invested in certificates of deposit opened and designated as
17 adoption savings accounts; and

18 (5) used to pay service fees assessed by the financial institution.

19 (b) Moneys withdrawn from an account shall be subject to recapture
20 by the secretary in the tax year in which they were withdrawn if:

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

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

25 (c) Moneys that are subject to recapture shall be an amount equal to
26 the moneys withdrawn from an account and shall be added to the Kansas
27 adjusted gross income pursuant to K.S.A. 79-32,117(b), and amendments
28 thereto, of the account holder or, if the account holder is no longer living,
29 the designated beneficiary. If any moneys are subject to recapture, the
30 account holder shall pay a penalty in the following amounts:

31 (1) If the withdrawal of moneys occurred 10 or less years after the
32 first deposit in the account, 5% of the amount subject to recapture; and

33 (2) if the withdrawal of moneys occurred more than 10 years after the
34 first deposit in the account, 10% of the amount subject to recapture.

35 (d) The penalties provided in subsection (c) shall not apply if the
36 withdrawn moneys are from an account after the death of the designated

1 beneficiary, and the account holder did not designate a new designated
2 beneficiary during the same tax year.

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

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

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

15 (i) Interest income less any related expenses directly incurred in the
16 purchase of state or political subdivision obligations, to the extent that the
17 same is not included in federal adjusted gross income, on obligations of
18 any state or political subdivision thereof, but to the extent that interest
19 income on obligations of this state or a political subdivision thereof issued
20 prior to January 1, 1988, is specifically exempt from income tax under the
21 laws of this state authorizing the issuance of such obligations, it shall be
22 excluded from computation of Kansas adjusted gross income whether or
23 not included in federal adjusted gross income. Interest income on
24 obligations of this state or a political subdivision thereof issued after
25 December 31, 1987, shall be excluded from computation of Kansas
26 adjusted gross income whether or not included in federal adjusted gross
27 income.

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

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

38 (iv) Federal income tax refunds received by the taxpayer if the
39 deduction of the taxes being refunded resulted in a tax benefit for Kansas
40 income tax purposes during a prior taxable year. Such refunds shall be
41 included in income in the year actually received regardless of the method
42 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
43 be deemed to have resulted if the amount of the tax had been deducted in

1 determining income subject to a Kansas income tax for a prior year
2 regardless of the rate of taxation applied in such prior year to the Kansas
3 taxable income, but only that portion of the refund shall be included as
4 bears the same proportion to the total refund received as the federal taxes
5 deducted in the year to which such refund is attributable bears to the total
6 federal income taxes paid for such year. For purposes of the foregoing
7 sentence, federal taxes shall be considered to have been deducted only to
8 the extent such deduction does not reduce Kansas taxable income below
9 zero.

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

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

18 (vii) The amount of any charitable contribution made to the extent the
19 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
20 32,196, and amendments thereto.

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

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

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

37 (xi) The amount of any contribution made to the same extent the
38 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
39 50,154, and amendments thereto.

40 (xii) For taxable years commencing after December 31, 2004,
41 amounts received as withdrawals not in accordance with the provisions of
42 K.S.A. 74-50,204, and amendments thereto, if, at the time of contribution
43 to an individual development account, such amounts were subtracted from

1 the federal adjusted gross income pursuant to subsection (c)(xiii), or if
2 such amounts are not already included in the federal adjusted gross
3 income.

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

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

12 (xv) The amount of any expenditures claimed for deduction in
13 determining federal adjusted gross income, to the extent the same is
14 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
15 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
16 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
17 32,251 through 79-32,254, and amendments thereto.

18 (xvi) The amount of any amortization deduction claimed in
19 determining federal adjusted gross income to the extent the same is
20 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
21 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

26 (xviii) For taxable years commencing after December 31, 2006, the
27 amount of any ad valorem or property taxes and assessments paid to a state
28 other than Kansas or local government located in a state other than Kansas
29 by a taxpayer who resides in a state other than Kansas, when the law of
30 such state does not allow a resident of Kansas who earns income in such
31 other state to claim a deduction for ad valorem or property taxes or
32 assessments paid to a political subdivision of the state of Kansas in
33 determining taxable income for income tax purposes in such other state, to
34 the extent that such taxes and assessments are claimed as an itemized
35 deduction for federal income tax purposes.

36 (xix) For taxable years beginning after December 31, 2012, and
37 ending before January 1, 2017, the amount of any: (1) Loss from business
38 as determined under the federal internal revenue code and reported from
39 schedule C and on line 12 of the taxpayer's form 1040 federal individual
40 income tax return; (2) loss from rental real estate, royalties, partnerships, S
41 corporations, except those with wholly owned subsidiaries subject to the
42 Kansas privilege tax, estates, trusts, residual interest in real estate
43 mortgage investment conduits and net farm rental as determined under the

1 federal internal revenue code and reported from schedule E and on line 17
2 of the taxpayer's form 1040 federal individual income tax return; and (3)
3 farm loss as determined under the federal internal revenue code and
4 reported from schedule F and on line 18 of the taxpayer's form 1040
5 federal income tax return; all to the extent deducted or subtracted in
6 determining the taxpayer's federal adjusted gross income. For purposes of
7 this subsection, references to the federal form 1040 and federal schedule
8 C, schedule E, and schedule F, shall be to such form and schedules as they
9 existed for tax year 2011, and as revised thereafter by the internal revenue
10 service.

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

19 (xxi) For taxable years beginning after December 31, 2012, and
20 ending before January 1, 2017, the amount of any deduction for pension,
21 profit sharing, and annuity plans of self-employed individuals under
22 section 62(a)(6) of the federal internal revenue code as in effect on January
23 1, 2012, and amendments thereto, in determining the federal adjusted gross
24 income of an individual taxpayer.

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

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

35 (xxiv) For taxable years commencing after December 31, 2013, that
36 portion of the amount of any expenditure deduction claimed in
37 determining federal adjusted gross income for expenses paid for medical
38 care of the taxpayer or the taxpayer's spouse or dependents when such
39 expenses were paid or incurred for an abortion, or for a health benefit plan,
40 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
41 an optional rider for coverage of abortion in accordance with K.S.A. 40-
42 2,190, and amendments thereto, to the extent that such taxes and
43 assessments are claimed as an itemized deduction for federal income tax

1 purposes.

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

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

18 (xxvii) For all taxable years commencing after December 31, 2020,
19 the amount of any interest expense paid or accrued in a previous taxable
20 year but allowed as a deduction pursuant to section 163 of the federal
21 internal revenue code in the current taxable year by reason of the
22 carryforward of disallowed business interest pursuant to section 163(j) of
23 the federal internal revenue code *if such amounts were subtracted from*
24 *federal adjusted gross income in a previous taxable year pursuant to*
25 *subsection (c)(xxvi)*. For purposes of this paragraph, an interest expense is
26 considered paid or accrued only in the first taxable year the deduction
27 would have been allowable pursuant to section 163 of the federal internal
28 revenue code if the limitation pursuant to section 163(j) of the federal
29 internal revenue code did not exist.

30 (xxviii) For all taxable years beginning after December 31, 2021, the
31 amount of any contributions to, or earnings from, a first-time home buyer
32 savings account if distributions from the account were not used to pay for
33 expenses or transactions authorized pursuant to K.S.A. 2024 Supp. 58-
34 4904, and amendments thereto, or were not held for the minimum length
35 of time required pursuant to K.S.A. 2024 Supp. 58-4904, and amendments
36 thereto. Contributions to, or earnings from, such account shall also include
37 any amount resulting from the account holder not designating a surviving
38 payable on death beneficiary pursuant to K.S.A. 2024 Supp. 58-4904(e),
39 and amendments thereto.

40 (xxix) For all taxable years beginning after December 31, 2024, the
41 amount of any contributions to, or earnings from, an adoption savings
42 account if distributions from the account were not used to pay for expenses
43 or transactions authorized pursuant to K.S.A. 2024 Supp. 38-2504, and

1 amendments thereto, or were not held for the minimum length of time
2 required pursuant to K.S.A. 2024 Supp. 38-2504, and amendments thereto.
3 Contributions to, or earnings from, such account shall also include any
4 amount resulting from the account holder not designating a surviving
5 payable on death beneficiary pursuant to K.S.A. 2024 Supp. 38-2504(e),
6 and amendments thereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 (xiv) For all taxable years commencing after December 31, 1996, that
33 portion of any income of a bank organized under the laws of this state or
34 any other state, a national banking association organized under the laws of
35 the United States, an association organized under the savings and loan
36 code of this state or any other state, or a federal savings association
37 organized under the laws of the United States, for which an election as an
38 S corporation under subchapter S of the federal internal revenue code is in
39 effect, which accrues to the taxpayer who is a stockholder of such
40 corporation and which is not distributed to the stockholders as dividends of
41 the corporation. For taxable years beginning after December 31, 2012, and
42 ending before January 1, 2017, the amount of modification under this
43 subsection shall exclude the portion of income or loss reported on schedule

1 E and included on line 17 of the taxpayer's form 1040 federal individual
2 income tax return.

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

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

38 (xvii) For all taxable years beginning after December 31, 2004,
39 amounts received by taxpayers who are eligible members of the Kansas
40 army and air national guard as a reimbursement pursuant to K.S.A. 48-
41 281, and amendments thereto, and amounts received for death benefits
42 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
43 such death benefits are included in federal adjusted gross income of the

1 taxpayer.

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

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

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

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

33 (xxi) For all taxable years beginning after December 31, 2013,
34 amounts equal to the unreimbursed travel, lodging and medical
35 expenditures directly incurred by a taxpayer while living, or a dependent
36 of the taxpayer while living, for the donation of one or more human organs
37 of the taxpayer, or a dependent of the taxpayer, to another person for
38 human organ transplantation. The expenses may be claimed as a
39 subtraction modification provided for in this section to the extent the
40 expenses are not already subtracted from the taxpayer's federal adjusted
41 gross income. In no circumstances shall the subtraction modification
42 provided for in this section for any individual, or a dependent, exceed
43 \$5,000. As used in this section, "human organ" means all or part of a liver,

1 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
2 paragraph shall take effect on the day the secretary of revenue certifies to
3 the director of the budget that the cost for the department of revenue of
4 modifications to the automated tax system for the purpose of
5 implementing this paragraph will not exceed \$20,000.

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

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

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

26 (xxv) For all taxable years commencing after December 31, 2020,
27 100% of global intangible low-taxed income under section 951A of the
28 federal internal revenue code of 1986, before any deductions allowed
29 under section 250(a)(1)(B) of such code.

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

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

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

43 (xxvii) For taxable years commencing after December 31, 2020, the

1 amount disallowed as a deduction pursuant to section 274 of the federal
2 internal revenue code of 1986 for meal expenditures shall be allowed to
3 the extent such expense was deductible for determining federal income tax
4 and was allowed and in effect on December 31, 2017.

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

19 (xxix) For taxable years beginning after December 31, 2017, for an
20 individual taxpayer who carried back federal net operating losses arising in
21 a taxable year beginning after December 31, 2017, and before January 1,
22 2021, pursuant to section 172(b)(1) of the federal internal revenue code as
23 amended by the coronavirus aid, relief, and economic security act
24 (CARES act), the amount of such federal net operating loss carryback for
25 each applicable year *if such federal net operating loss is not otherwise*
26 *allowed as a deduction in computing Kansas adjusted gross income for*
27 *that tax year.* If the amount of such federal net operating loss carryback
28 *not otherwise allowed as a deduction in computing Kansas adjusted gross*
29 *income for that tax year* exceeds the taxpayer's Kansas adjusted gross
30 income for such taxable year, the amount thereof that exceeds such Kansas
31 adjusted gross income may be carried forward as a subtraction
32 modification in the following taxable year or years until the total amount
33 of such federal net operating loss carryback has been deducted, except that
34 no such unused amount shall be carried forward for deduction as a
35 subtraction modification after the 20th taxable year following the taxable
36 year of the net operating loss. Notwithstanding any other provision of law
37 to the contrary, an extension of time shall be allowed for a claim for refund
38 or amended return for tax years 2018, 2019 or 2020 limited to the
39 application of the provisions of this paragraph and such claim for refund or
40 amended return must be filed on or before April 15, 2025.

41 (xxx) For all taxable years beginning after December 31, 2024: (1)
42 The amount contributed to an adoption savings account pursuant to K.S.A.
43 2024 Supp. 38-2503, and amendments thereto, in an amount not to exceed

1 \$6,000 for an individual or \$12,000 for a married couple filing a joint
2 return; or (2) amounts received as income earned from assets in an
3 adoption savings account.

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

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

13 Sec. 3. K.S.A. 2024 Supp. 38-2504 and 79-32,117 are hereby
14 repealed.

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