

SENATE BILL No. 277

By Committee on Assessment and Taxation

2-19

1 AN ACT concerning income taxation; relating to Kansas adjusted gross
2 income; exempting certain qualified tips from state income tax by
3 providing a subtraction modification for such tips; amending K.S.A.
4 2024 Supp. 79-32,117 and repealing the existing section.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2024 Supp. 79-32,117 is hereby amended to read as
8 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
9 means such individual's federal adjusted gross income for the taxable year,
10 with the modifications specified in this section.

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

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

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

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

35 (iv) Federal income tax refunds received by the taxpayer if the
36 deduction of the taxes being refunded resulted in a tax benefit for Kansas

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

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

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

22 (vii) The amount of any charitable contribution made to the extent the
23 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
24 32,196, and amendments thereto.

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

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

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

41 (xi) The amount of any contribution made to the same extent the
42 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
43 50,154, and amendments thereto.

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

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

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

16 (xv) The amount of any expenditures claimed for deduction in
17 determining federal adjusted gross income, to the extent the same is
18 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
19 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
20 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
21 32,251 through 79-32,254, and amendments thereto.

22 (xvi) 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. 79-32,227, 79-32,232, 79-
25 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

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

40 (xix) For taxable years beginning after December 31, 2012, and
41 ending before January 1, 2017, the amount of any: (1) Loss from business
42 as determined under the federal internal revenue code and reported from
43 schedule C and on line 12 of the taxpayer's form 1040 federal individual

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

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

23 (xxi) For taxable years beginning after December 31, 2012, and
24 ending before January 1, 2017, the amount of any deduction for pension,
25 profit sharing, and annuity plans of self-employed individuals under
26 section 62(a)(6) of the federal internal revenue code as in effect on January
27 1, 2012, and amendments thereto, in determining the federal adjusted gross
28 income of an individual taxpayer.

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

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

39 (xxiv) For taxable years commencing after December 31, 2013, that
40 portion of the amount of any expenditure deduction claimed in
41 determining federal adjusted gross income for expenses paid for medical
42 care of the taxpayer or the taxpayer's spouse or dependents when such
43 expenses were paid or incurred for an abortion, or for a health benefit plan,

1 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
2 an optional rider for coverage of abortion in accordance with K.S.A. 40-
3 2,190, and amendments thereto, to the extent that such taxes and
4 assessments are claimed as an itemized deduction for federal income tax
5 purposes.

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

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

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

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

42 (xxix) For all taxable years beginning after December 31, 2024, the
43 amount of any contributions to, or earnings from, an adoption savings

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

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

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

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

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

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

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

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

41 (vii) Amounts received as annuities under the federal civil service
42 retirement system from the civil service retirement and disability fund and
43 other amounts received as retirement benefits in whatever form which

1 were earned for being employed by the federal government or for service
2 in the armed forces of the United States.

3 (viii) Amounts received by retired railroad employees as a
4 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
5 228c(a)(1) et seq.

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

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

14 (2) For taxable years beginning after December 31, 2019, and ending
15 before January 1, 2022, 50% of the amount of the federal employee
16 retention credit disallowance under rules similar to the rules of 26 U.S.C. §
17 280C(a). The taxpayer shall be required to prove that such taxpayer
18 previously filed Kansas income tax returns and paid Kansas income tax on
19 the disallowed amount. Notwithstanding any other provision of law to the
20 contrary, any claim for refund or amended return relating to this
21 subparagraph shall be allowed to be filed on or before April 15, 2025, and
22 no claim for refund or amended return shall be allowed or filed after April
23 15, 2025.

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

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

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

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

1 ending before January 1, 2017, the amount of modification under this
2 subsection shall exclude the portion of income or loss reported on schedule
3 E and included on line 17 of the taxpayer's form 1040 federal individual
4 income tax return.

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

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

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

1 pursuant to K.S.A. 48-282, and amendments thereto, to the extent that
2 such death benefits are included in federal adjusted gross income of the
3 taxpayer.

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

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

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

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

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

1 provided for in this section for any individual, or a dependent, exceed
2 \$5,000. As used in this section, "human organ" means all or part of a liver,
3 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
4 paragraph shall take effect on the day the secretary of revenue certifies to
5 the director of the budget that the cost for the department of revenue of
6 modifications to the automated tax system for the purpose of
7 implementing this paragraph will not exceed \$20,000.

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

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

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

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

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

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

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

1 internal revenue code in tax years 2018, 2019 and 2020.

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

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

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

40 (xxx) For all taxable years beginning after December 31, 2024: (1)
41 The amount contributed to an adoption savings account pursuant to K.S.A.
42 2024 Supp. 38-2503, and amendments thereto, in an amount not to exceed
43 \$6,000 for an individual or \$12,000 for a married couple filing a joint

1 return; or (2) amounts received as income earned from assets in an
2 adoption savings account.

3 (xxxi) (1) *For all taxable years beginning after December 31, 2025,*
4 *an amount equal to the qualified tips received during the taxable year that*
5 *are included on statements furnished to the employer pursuant to section*
6 *6053(a) of the federal internal revenue code and are included in federal*
7 *adjusted gross income of the taxpayer. The amount of the subtraction*
8 *modification pursuant to this paragraph for the taxable year shall not*
9 *exceed \$25,000 for an individual or \$25,000 for each spouse who receives*
10 *such qualified tips and files a married filing joint return.*

11 (2) *As used in this paragraph:*

12 (A) *"Cash tip" includes, but is not limited to, tips received from*
13 *customers, tips received from other employees under any tip-sharing*
14 *arrangement and charged tips, such as credit and debit card charged tips,*
15 *distributed to the employee by the employer; and*

16 (B) *"qualified tip" means any cash tip received by an individual in*
17 *the course of such individual's employment in an occupation that*
18 *traditionally and customarily received tips on or before December 31,*
19 *2024, as provided by the secretary of revenue. "Qualified tip" shall not*
20 *include any amount received by an individual in the course of employment*
21 *by an employer if such individual had, for the preceding taxable year,*
22 *compensation, within the meaning of section 414(q)(4) of the federal*
23 *internal revenue code, from such employer in excess of the amount in*
24 *effect under section 414(q)(1)(B)(i) of the federal internal revenue code.*

25 (3) *Not later than 90 days after the date of the enactment of this*
26 *paragraph, the secretary of revenue shall publish a list of occupations that*
27 *traditionally and customarily received tips on or before December 31,*
28 *2024, for purposes of this paragraph.*

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

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

38 Sec. 2. K.S.A. 2024 Supp. 79-32,117 is hereby repealed.

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