

**SENATE BILL No. 75**

By Committee on Education

1-24

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

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

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

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

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

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

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

36 (c) If the amount of the tax credit allowed by this section exceeds the

1 taxpayer's income tax liability imposed under the Kansas income tax act  
2 for such tax year, the excess amount shall be refunded to the taxpayer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (iii) The federal net operating loss deduction, except that the federal

1 net operating loss deduction shall not be added to an individual's federal  
2 adjusted gross income for tax years beginning after December 31, 2016.

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

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

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

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

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

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

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

1 gross income.

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

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

12 (xiii) 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. 79-32,217  
15 through 79-32,220 or 79-32,222, and amendments thereto.

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

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

26 (xvi) 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. 79-32,227, 79-32,232, 79-  
29 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

30 (xvii) 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. 79-32,256, and amendments  
33 thereto.

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

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

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

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

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

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

43 (xxiv) For taxable years commencing after December 31, 2013, that

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

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

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

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

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

1 payable on death beneficiary pursuant to K.S.A. 2024 Supp. 58-4904(e),  
2 and amendments thereto.

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

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

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

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

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

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

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

42 (vi) Accumulation distributions received by a taxpayer as a  
43 beneficiary of a trust to the extent that the same are included in federal

1 adjusted gross income.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 code did not exist.

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

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

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

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

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

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

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

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

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

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