

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~~ ***in an amount equal to the expenditures directly attributable to***
15 ***the tuition and related costs, including the cost of books, materials and***
16 ***equipment, required for attendance at a private school, except that the***
17 ***tax credit shall not exceed:***

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

24 (2) \$4,000 for each dependent child enrolled full time during the tax
25 year in a nonaccredited private school.

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

36 (2) If the number of applications exceeds the available credit, the

1 secretary shall give priority to taxpayers who have previously received a
2 tax credit under this section.

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

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

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

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

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

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

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

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

43 ~~(j)(i)~~ (i) (1) In any legal proceeding challenging the application of this

1 section to a taxpayer receiving the tax credit, the state bears the burden of
2 establishing that the law is necessary and does not impose any undue
3 burden on the on the taxpayer.

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

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

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

19 ~~(k)~~(j) This section shall be a part of and supplemental to the Kansas
20 income tax act.

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

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

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

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

1 amendments thereto, for privilege tax year 1995, and all such years
2 thereafter.

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

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

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

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

29 (vii) The amount of any charitable contribution made to the extent the
30 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
31 32,196, and amendments thereto.

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

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

42 (x) Amounts received as nonqualified withdrawals, as defined by
43 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a

1 family postsecondary education savings account, such amounts were
2 subtracted from the federal adjusted gross income pursuant to subsection
3 (c)(xv) or if such amounts are not already included in the federal adjusted
4 gross income.

5 (xi) The amount of any contribution made to the same extent the
6 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
7 50,154, and amendments thereto.

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

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

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

23 (xv) The amount of any expenditures claimed for deduction in
24 determining federal adjusted gross income, to the extent the same is
25 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
26 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
27 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
28 32,251 through 79-32,254, and amendments thereto.

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

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

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

1 determining taxable income for income tax purposes in such other state, to
2 the extent that such taxes and assessments are claimed as an itemized
3 deduction for federal income tax purposes.

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

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

30 (xxi) For taxable years beginning after December 31, 2012, and
31 ending before January 1, 2017, the amount of any deduction for pension,
32 profit sharing, and annuity plans of self-employed individuals under
33 section 62(a)(6) of the federal internal revenue code as in effect on January
34 1, 2012, and amendments thereto, in determining the federal adjusted gross
35 income of an individual taxpayer.

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

41 (xxiii) For taxable years beginning after December 31, 2012, and
42 ending before January 1, 2017, the amount of any deduction for domestic
43 production activities under section 199 of the federal internal revenue code

1 as in effect on January 1, 2012, and amendments thereto, in determining
2 the federal adjusted gross income of an individual taxpayer.

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

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

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

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

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

1 of time required pursuant to K.S.A. 2024 Supp. 58-4904, and amendments
2 thereto. Contributions to, or earnings from, such account shall also include
3 any amount resulting from the account holder not designating a surviving
4 payable on death beneficiary pursuant to K.S.A. 2024 Supp. 58-4904(e),
5 and amendments thereto.

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

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

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

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

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

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

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

1 gross income for federal income tax purposes.

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

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

10 (viii) Amounts received by retired railroad employees as a
11 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
12 228c(a)(1) et seq.

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

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

21 (2) For taxable years beginning after December 31, 2019, and ending
22 before January 1, 2022, 50% of the amount of the federal employee
23 retention credit disallowance under rules similar to the rules of 26 U.S.C. §
24 280C(a). The taxpayer shall be required to prove that such taxpayer
25 previously filed Kansas income tax returns and paid Kansas income tax on
26 the disallowed amount. Notwithstanding any other provision of law to the
27 contrary, any claim for refund or amended return relating to this
28 subparagraph shall be allowed to be filed on or before April 15, 2025, and
29 no claim for refund or amended return shall be allowed or filed after April
30 15, 2025.

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

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

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

41 (xiv) For all taxable years commencing after December 31, 1996, that
42 portion of any income of a bank organized under the laws of this state or
43 any other state, a national banking association organized under the laws of

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

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

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

1 incurred by or obligated to such taxpayer and received by such taxpayer as
2 a result of such taxpayer's service in the armed forces of the United States,
3 including service in the Kansas army and air national guard.

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

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

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

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

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

42 (xxi) For all taxable years beginning after December 31, 2013,
43 amounts equal to the unreimbursed travel, lodging and medical

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

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

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

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

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

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

43 (2) For purposes of this paragraph, an interest expense is considered

1 paid or accrued only in the first taxable year the deduction would have
2 been allowable pursuant to section 163 of the federal internal revenue code
3 if the limitation pursuant to section 163(j) of the federal internal revenue
4 code did not exist.

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

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

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

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

1 amended return for tax years 2018, 2019 or 2020 limited to the application
2 of the provisions of this paragraph and such claim for refund or amended
3 return must be filed on or before April 15, 2025.

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

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

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

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

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

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