

REPORTS OF STANDING COMMITTEES

MADAM PRESIDENT:

The Committee on **Assessment and Taxation** recommends **SB 97** be amended by substituting a new bill as recommended by the Senate Committee on Assessment and Taxation as reported in the Journal of the Senate on February 8, 2017, and the substitute bill be further amended on page 1, by striking all in lines 9 through 34;

On page 2, in line 23, by striking "years" and inserting "year"; also in line 23, by striking "2016 and 2017" and inserting "and all tax years thereafter";

On page 3, in line 9, by striking "years" and inserting "year"; also in line 9, by striking "2016 and 2017" and inserting "and all tax years thereafter"; by striking all in lines 19 through 21;

On page 4, in line 5, by striking "years" and inserting "year"; also in line 5, by striking "and 2017" and inserting ", and all tax years thereafter"; in line 36, by striking "2016" and inserting "2017";

On page 5, in line 16, by striking all after "thereto"; by striking all in line 17; in line 18, by striking all before the period;

On page 6, in line 40, by striking "2017" and inserting "2018";

On page 7, in line 15, by striking "2017" and inserting "2018"; in line 23, by striking "2017" and inserting "2018"; in line 29, by striking "2017" and inserting "2018"; in line 34, by striking "2017" and inserting "2018";

On page 9, in line 43, by striking "2017" and inserting "2018";

On page 11, in line 6, by striking "2017" and inserting "2018"; in line 41, by striking "all"; also in line 41, after the second comma by inserting "and ending before January 1, 2018,";

On page 12, in line 14, by striking "all"; also in line 14, after the second comma by inserting "and ending before January 1, 2018,"; by striking all in lines 26 through 43;

By striking all on pages 13 through 34;

On page 35, by striking all in lines 1 through 6; following line 6, by inserting:

"Sec. 3. K.S.A. 2016 Supp. 79-32,138 is hereby amended to read as follows: 79-32,138. (a) Kansas taxable income of a corporation taxable under this act shall be the corporation's federal taxable income for the taxable year with the modifications specified in this section.

(b) There shall be added to federal taxable income: (i) The same modifications as are set forth in ~~subsection (b) of~~ K.S.A. 79-32,117(b), and amendments thereto, with respect to resident individuals, except subsections (b)(xix), (b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii);

(ii) the amount of all depreciation deductions claimed for any property upon which the deduction allowed by K.S.A. 2016 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto, is claimed;

(iii) the amount of any charitable contribution deduction claimed for any contribution or gift to or for the use of any racially segregated educational institution;

(iv) for taxable years commencing December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and amendments thereto;

(v) the amount of any charitable contribution deduction claimed for any contribution or gift made to a scholarship granting organization to the extent the same is claimed as the basis for the credit

allowed pursuant to K.S.A. 2016 Supp. 72-99a07, and amendments thereto; and

(vi) the federal net operating loss deduction.

(c) There shall be subtracted from federal taxable income: (i) The same modifications as are set forth in ~~subsection (e)~~ of K.S.A. 79-32,117(c), and amendments thereto, with respect to resident individuals, except subsection (c)(xx);

(ii) the federal income tax liability for any taxable year commencing prior to December 31, 1971, for which a Kansas return was filed after reduction for all credits thereon, except credits for payments on estimates of federal income tax, credits for gasoline and lubricating oil tax, and for foreign tax credits if, on the Kansas income tax return for such prior year, the federal income tax deduction was computed on the basis of the federal income tax paid in such prior year, rather than as accrued. Notwithstanding the foregoing, the deduction for federal income tax liability for any year shall not exceed that portion of the total federal income tax liability for such year which bears the same ratio to the total federal income tax liability for such year as the Kansas taxable income, as computed before any deductions for federal income taxes and after application of subsections (d) and (e) of this section as existing for such year, bears to the federal taxable income for the same year;

(iii) an amount for the amortization deduction allowed pursuant to K.S.A. 2016 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto;

(iv) for all taxable years commencing after December 31, 1987, the amount included in federal taxable income pursuant to the provisions of section 78 of the internal revenue code; and

(v) for all taxable years commencing after December 31, 1987, 80% of dividends from corporations incorporated outside of the United States or the District of Columbia which are included in federal taxable income.

(d) If any corporation derives all of its income from sources within Kansas in any taxable year

commencing after December 31, 1979, its Kansas taxable income shall be the sum resulting after application of subsections (a) through (c) hereof. Otherwise, such corporation's Kansas taxable income in any such taxable year, after excluding any refunds of federal income tax and before the deduction of federal income taxes provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-3271 to K.S.A. 79-3293, inclusive, and amendments thereto, plus any refund of federal income tax as determined under ~~paragraph (iv) of subsection (b) of~~ K.S.A. 79-32,117(b)(iv), and amendments thereto, and minus the deduction for federal income taxes as provided by subsection (c)(ii) shall be such corporation's Kansas taxable income.

(e) A corporation may make an election with respect to its first taxable year commencing after December 31, 1982, whereby no addition modifications as provided for in subsection (b)(ii) ~~of K.S.A. 79-32,138, and amendments thereto,~~ and subtraction modifications as provided for in subsection (c)(iii) ~~of K.S.A. 79-32,138, and amendments thereto,~~ as those subsections existed prior to their amendment by this act, shall be required to be made for such taxable year.";

Also on page 35, in line 7, by striking all after "79-32,117"; in line 8, by striking all before "are" and inserting "and 79-32,138";

And by renumbering sections accordingly;

On page 1, in the title, in line 2, by striking all after the semicolon; in line 3, by striking all before "amending"; in line 4, by striking all after "79-32,117"; in line 5, by striking all before the second "and" and inserting "and 79-32,138"; and the bill be passed as amended.

Chairperson