

**HOUSE BILL No. 2434**

By Committee on Taxation

6-4

1 AN ACT concerning income taxation; relating to rates, credits, deductions  
2 and determination of Kansas adjusted gross income; amending K.S.A.  
3 2016 Supp. 74-50,132, 74-50,208, 74-8133, 74-99c09, 79-32,105, 79-  
4 32,110, 79-32,117, 79-32,119, 79-32,120, 79-32,121, 79-32,153, 79-  
5 32,160a, 79-32,196, 79-32,202a, 79-32,205, 79-32,211, 79-32,258, 79-  
6 32,266, 79-32,267 and 79-32,271 and repealing the existing sections;  
7 also repealing K.S.A. 2016 Supp. 79-32,269.  
8

9 *Be it enacted by the Legislature of the State of Kansas:*

10 New Section 1. For all tax years commencing after December 31,  
11 2017, the Kansas adjusted gross income of an individual means such  
12 individual's federal adjusted gross income for the taxable year, less: (a)  
13 Interest or dividend income on obligations or securities of any authority,  
14 commission or instrumentality of the United States and its possessions less  
15 any related expenses directly incurred in the purchase of such obligations  
16 or securities, to the extent included in federal adjusted gross income but  
17 exempt from state income taxes under the laws of the United States; (b)  
18 amounts received as annuities under the federal civil service retirement  
19 system from the civil service retirement and disability fund and other  
20 amounts received as retirement benefits in whatever form that were earned  
21 for being employed by the federal government or for service in the armed  
22 forces of the United States; (c) amounts received by retired railroad  
23 employees as a supplemental annuity under the provisions of 45 U.S.C. §§  
24 228b(a) and 228c(a)(1) et seq.; (d) the amount of the federal tentative jobs  
25 tax credit disallowance under the provisions of 26 U.S.C. § 280 C; and (e)  
26 the amount of the targeted jobs tax credit and work incentive credit  
27 disallowances under 26 U.S.C. § 280 C.

28 New Sec. 2. For all tax years commencing after December 31, 2017,  
29 the director shall remit the entire amount collected from the income tax  
30 imposed upon individuals under the Kansas income tax act to the state  
31 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
32 amendments thereto. Upon receipt of each such remittance, the state  
33 treasurer shall: (1) Deposit the entire amount in the state treasury to the  
34 credit of the school finance fund; or (2) if the amount in the school finance  
35 fund exceed the fund's balance for the previous year as adjusted by the  
36 consumer price index, deposit the excess amount in the state general fund..

1       Sec. 3. K.S.A. 2016 Supp. 74-50,132 is hereby amended to read as  
2 follows: 74-50,132. (a) For taxable years commencing after December 31,  
3 1997, a qualified firm shall be entitled to a credit against the tax imposed  
4 by the Kansas income tax act, the premium tax or privilege fee imposed  
5 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as  
6 measured by net income of financial institutions imposed pursuant to  
7 chapter 79, article 11 of the Kansas Statutes Annotated, *and amendments*  
8 *thereto*, in an amount equal to the portion of the qualified business facility  
9 cash investment in the training and education of the firm's employees that  
10 exceeds 2% of the firm's total payroll costs. The maximum amount of the  
11 credit that may be claimed by a single corporate taxpayer in any single tax  
12 year under this section shall not exceed \$50,000. Tax credits earned by a  
13 qualified business under this section must be claimed in their entirety in  
14 the tax year eligible.

15       (b) For tax years commencing after December 31, 2005, any taxpayer  
16 claiming credits pursuant to this section, as a condition for claiming and  
17 qualifying for such credits, shall provide information pursuant to K.S.A.  
18 2016 Supp. 79-32,243, and amendments thereto, as part of the tax return in  
19 which such credits are claimed. Such credits shall not be denied solely on  
20 the basis of the contents of the information provided by the taxpayer  
21 pursuant to K.S.A. 2016 Supp. 79-32,243, and amendments thereto.

22       (c) *For tax year 2018, and all tax years thereafter, the credit allowed*  
23 *by this section shall only be available to taxpayers subject to the income*  
24 *tax on corporations imposed pursuant to K.S.A. 79-32,110(c), and*  
25 *amendments thereto, the premium tax or privilege fee imposed pursuant to*  
26 *K.S.A. 40-252, and amendments thereto, or the privilege tax imposed upon*  
27 *any national banking association, state bank, savings bank, trust company*  
28 *or savings and loan association pursuant to article 11 of chapter 79 of the*  
29 *Kansas Statutes Annotated, and amendments thereto, and used only to*  
30 *determine such taxpayer's corporate income, premium tax or privilege tax*  
31 *liability.*

32       Sec. 4. K.S.A. 2016 Supp. 74-50,208 is hereby amended to read as  
33 follows: 74-50,208. (a) A program contributor shall be allowed a credit  
34 against state income tax imposed under the Kansas income tax act in an  
35 amount not to exceed 75% of the contribution amount. If the amount of the  
36 credit allowed by this section exceeds the taxpayer's income tax liability  
37 imposed under the Kansas income tax act, such excess amount shall be  
38 refunded to the taxpayer. No credit pursuant to this section shall be  
39 allowed for any contribution made by a program contributor which also  
40 qualified for a community services tax credit pursuant to the provisions of  
41 K.S.A. 79-32,195 et seq., and amendments thereto.

42       (b) The administration of the community-based organization, with the  
43 cooperation of the participating financial institutions, shall submit the

1 names of contributors and the total amount each contributor contributes to  
2 the individual development account reserve fund for the calendar year. The  
3 secretary of revenue shall determine the date by which such information  
4 shall be submitted to the department of revenue by the local administrator.

5 (c) The total tax credits authorized pursuant to this section shall not  
6 exceed \$500,000 in any fiscal year.

7 (d) The provisions of this section shall be applicable to all taxable  
8 years commencing after December 31, 2014.

9 (e) *For tax year 2018, and all tax years thereafter, the income tax*  
10 *credit provided by this section shall only be available to taxpayers subject*  
11 *to the income tax on corporations imposed pursuant to K.S.A. 79-*  
12 *32,110(c), and amendments thereto, and shall be applied only against such*  
13 *taxpayer's corporate income tax liability.*

14 Sec. 5. K.S.A. 2016 Supp. 74-8133 is hereby amended to read as  
15 follows: 74-8133. (a) A credit against the tax imposed by article 32 of  
16 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, on  
17 the Kansas taxable income of an angel investor and against the tax  
18 imposed by K.S.A. 40-252, and amendments thereto, shall be allowed for  
19 a cash investment in the qualified securities of a qualified Kansas business.  
20 The credit shall be in a total amount equal to 50% of such investors' cash  
21 investment in any qualified Kansas business, subject to the limitations set  
22 forth in subsection (b). This tax credit may be used in its entirety in the  
23 taxable year in which the cash investment is made except that no tax credit  
24 shall be allowed in a year prior to January 1, 2005. If the amount by which  
25 that portion of the credit allowed by this section exceeds the investors'  
26 liability in any one taxable year, beginning in the year 2005, the remaining  
27 portion of the credit may be carried forward until the total amount of the  
28 credit is used. If the investor is a permitted entity investor, the credit  
29 provided by this section shall be claimed by the owners of the permitted  
30 entity investor in proportion to their ownership share of the permitted  
31 entity investor.

32 (b) The secretary of revenue shall not allow tax credits of more than  
33 \$50,000 for a single Kansas business or a total of \$250,000 in tax credits  
34 for a single year per investor who is a natural person or owner of a  
35 permitted entity investor. No tax credits authorized by this act shall be  
36 allowed for any cash investments in qualified securities for any year after  
37 the year 2021. The total amount of tax credits which may be allowed under  
38 this section shall not exceed \$4,000,000 during the tax year 2007 and  
39 \$6,000,000 for tax year 2008 and each tax year thereafter, except that for  
40 tax year 2011, the total amount of tax credits which may be allowed under  
41 this section shall not exceed \$5,000,000. The balance of unissued tax  
42 credits may be carried over for issuance in future years until 2021.

43 (c) A cash investment in a qualified security shall be deemed to have

1 been made on the date of acquisition of the qualified security, as such date  
2 is determined in accordance with the provisions of the internal revenue  
3 code.

4 (d) No investor shall claim a credit under this section for cash  
5 investments in Kansas venture capital, inc. No Kansas venture capital  
6 company shall qualify for the tax credit for an investment in a fund created  
7 by articles 81, 82, 83 or 84 of chapter 74 of the Kansas Statutes Annotated,  
8 and amendments thereto.

9 (e) Any investor who has not owed any Kansas income tax under the  
10 provisions of article 32, chapter 79 of the Kansas Statutes Annotated, and  
11 amendments thereto, for the immediate past three taxable years, who does  
12 not reasonably believe that it will owe any such tax for the current taxable  
13 year and who makes a cash investment in a qualified security of a qualified  
14 Kansas business shall be deemed to acquire an interest in the nature of a  
15 transferable credit limited to an amount equal to 50% of this cash  
16 investment. This interest may be transferred to any natural person of net  
17 worth, as defined in 17 C.F.R. § 230.501(a) as in effect on the effective  
18 date of this act whether or not such person is then an investor and be  
19 claimed by the transferee as a credit against the transferee's Kansas income  
20 tax liability beginning in the year provided in subsection (a). No person  
21 shall be entitled to a refund for the interest created under this section. Only  
22 the full credit for any one investment may be transferred and this interest  
23 may only be transferred one time. A credit acquired by transfer shall be  
24 subject to the limitations prescribed in this section. Documentation of any  
25 credit acquired by transfer shall be provided by the investor in the manner  
26 required by the director of taxation.

27 (f) The reasonable costs of the administration of this act, the review  
28 of applications for certification as qualified Kansas businesses and the  
29 issuance of tax credits authorized by this act shall be reimbursed through  
30 fees paid by the qualified Kansas businesses and the investors or the  
31 transferees of investors, according to a reasonable fee schedule adopted by  
32 the secretary by rules and regulations in accordance with the rules and  
33 regulations filing act.

34 (g) (1) *For tax year 2018, and all tax years thereafter, the credit*  
35 *allowed by this section shall only be available to taxpayers subject to the*  
36 *income tax on corporations imposed pursuant to K.S.A. 79-32,110(c), and*  
37 *amendments thereto, the premium tax or privilege fee imposed pursuant to*  
38 *K.S.A. 40-252, and amendments thereto, and used only to determine such*  
39 *taxpayer's corporate income or premium tax liability.*

40 (2) *Any credit earned pursuant to the provisions of this section prior*  
41 *to tax year 2018, may be carried forward to succeeding tax years as*  
42 *provided in subsection (a).*

43 Sec. 6. K.S.A. 2016 Supp. 74-99c09 is hereby amended to read as

1 follows: 74-99c09. (a) Any money received by the center from any source  
2 shall be maintained in interest-bearing accounts in Kansas banks or Kansas  
3 savings and loan associations. Any accounts so maintained shall be  
4 administered by the center for entrepreneurship under guidelines  
5 developed and implemented by the center and approved by the secretary of  
6 commerce.

7 (b) The Kansas center for entrepreneurship shall be subject to audit  
8 by the legislative division of post audit in accordance with the provisions  
9 of the legislative post audit act.

10 (c) A credit against the tax imposed by the Article 32, Chapter 79 of  
11 the Kansas Statutes Annotated, *and amendments thereto*, on the Kansas  
12 taxable income of a contributor and against the tax imposed by K.S.A. 40-  
13 252, and amendments thereto, shall be allowed for a contribution to the  
14 Kansas center for entrepreneurship. The credit shall be a total maximum  
15 amount equal to 75% of a contributor's donation to the Kansas center for  
16 entrepreneurship, subject to the limitation set forth. This tax credit may be  
17 used in its entirety in the taxable year in which the contribution is made.  
18 The provisions of this section shall be applicable to all taxable years  
19 beginning after December 31, 2004. If the amount by which that portion of  
20 the credit allowed by this section exceeds the contributor's liability in any  
21 one taxable year, the remaining portion of the credit may be carried  
22 forward until the total amount of the credit is used. If the contributor is a  
23 corporation having an election in effect under subchapter S of the federal  
24 internal revenue code or a partnership, the credit provided by this section  
25 shall be claimed by the shareholders of these corporations or the partners  
26 of a partnership in the same manner as these shareholders or partners  
27 account for their proportionate shares of the income or loss of these  
28 corporations or partnerships.

29 (d) The secretary of revenue shall not allow tax credits of more than  
30 \$50,000 that are attributable to an individual contributor in the Kansas  
31 center for entrepreneurship each year. In no event shall the total amount of  
32 tax credits allowed under this section exceed \$2,000,000 for any one fiscal  
33 year, except that for fiscal year 2011, the total amount of credits allowed  
34 under this section shall not exceed \$1,800,000.

35 (e) The Kansas center for entrepreneurship, along with the  
36 department, shall develop a system for application for registration of an  
37 authorization of tax credits authorized pursuant to this act and shall control  
38 distribution of all tax credits to contributors pursuant to this act. The  
39 Kansas center for entrepreneurship, along with the department, shall also  
40 develop rules for the administration of and disbursements from its  
41 accounts.

42 (f) The Kansas center for entrepreneurship shall distribute funds to  
43 regional or local community seed capital funds or economic development

1 agencies based on the following criteria: (1) The organization can provide  
2 a 40% match; (2) the organization provides a plan that assures funds will  
3 be used as seed capital for qualified entrepreneurs; (3) the funds will be  
4 used in a distressed or rural community; or (4) other criteria as deemed  
5 necessary by the Kansas center for entrepreneurship.

6 (g) (1) *For tax year 2018, and all tax years thereafter, the credit*  
7 *allowed by this section shall only be available to taxpayers subject to the*  
8 *income tax on corporations imposed pursuant to K.S.A. 79-32,110(c), and*  
9 *amendments thereto, the premium tax or privilege fee imposed pursuant to*  
10 *K.S.A. 40-252, and amendments thereto, and used only to determine such*  
11 *taxpayer's corporate income or premium tax liability.*

12 (2) *Any credit earned pursuant to the provisions of this section prior*  
13 *to tax year 2018, may be carried forward to succeeding tax years as*  
14 *provided in subsection (c).*

15 Sec. 7. K.S.A. 2016 Supp. 79-32,105 is hereby amended to read as  
16 follows: 79-32,105. (a) *Except as otherwise provided by section 2, and*  
17 *amendments thereto, the director shall remit the entire amount collected*  
18 *under the provisions of this act and from the income tax imposed upon*  
19 *individuals, corporations, estates or trusts pursuant to the "Kansas income*  
20 *tax act" less amounts withheld as provided in subsection (b) and any*  
21 *amounts credited to the IMPACT program repayment fund or the IMPACT*  
22 *program services fund under K.S.A. 74-50,107, and amendments thereto,*  
23 *to the state treasurer in accordance with the provisions of K.S.A. 75-4215,*  
24 *and amendments thereto. Upon receipt of each such remittance, the state*  
25 *treasurer shall deposit the entire amount in the state treasury to the credit*  
26 *of the state general fund.*

27 (b) A revolving fund, designated as "income tax refund fund" not to  
28 exceed \$4,000,000 shall be set apart and maintained by the director from  
29 income tax collections, franchise tax collections, withholding tax  
30 collections, and estimated tax collections and held by the state treasurer for  
31 prompt payment of all income tax refunds and franchise tax refunds, for  
32 the payment of interest as provided in subsection (e), for payment of  
33 homestead property tax refunds in accordance with the homestead property  
34 tax refund act and for payment of property tax refunds allowed pursuant to  
35 the provisions of K.S.A. 2016 Supp. 79-255, and amendments thereto. The  
36 fund shall be in such amount, within the limit set by this section, as the  
37 director determines is necessary to meet current refunding requirements  
38 under this act.

39 (c) If the director discovers from the examination of the return, or  
40 upon claim duly filed by the taxpayer or upon final judgment of the court  
41 that the income tax, withholding tax, declaration of estimated tax or any  
42 penalty or interest paid by or credited to any taxpayer is in excess of the  
43 amount legally due for such tax or any other tax owed the state of Kansas,

1 the director shall certify to the director of accounts and reports the name of  
2 the taxpayer, the amount of refund and such other information as the  
3 director may require. Upon receipt of such certification the director of  
4 accounts and reports shall issue a warrant on the state treasurer for the  
5 payment to the taxpayer out of the fund provided in subsection (b), except  
6 that no refund shall be made for a sum less than \$5, but such amount may  
7 be claimed by the taxpayer as a credit against the taxpayer's tax liability in  
8 the taxpayer's next succeeding taxable year.

9 (d) When a resident taxpayer dies, and the director determines that a  
10 refund is due the claimant not in excess of \$100, the director shall certify  
11 to the director of accounts and reports the name and address of the  
12 claimant entitled to the refund and the amount of the refund. A refund may  
13 be made upon a claim duly made on behalf of the estate of the deceased or  
14 in the absence of any such claim upon a claim by a surviving spouse and if  
15 none upon the claim by any heir at law. Upon receipt of such certification  
16 the director of accounts and reports shall issue a warrant on the state  
17 treasurer for the payment to the claimant out of the fund provided in  
18 subsection (b).

19 (e) Interest shall be allowed and paid at the rate of 12% per annum  
20 upon any overpayment of the income tax imposed upon individuals,  
21 corporations, estates or trusts pursuant to the Kansas income tax act for  
22 any period prior to January 1, 1995, 6% per annum for the period  
23 commencing on January 1, 1995, and ending on December 31, 1997, and  
24 at the rate prescribed and determined pursuant to K.S.A. 79-2968, and  
25 amendments thereto, for any period thereafter.

26 For the purposes of this subsection:

27 (1) Any return filed before the last day prescribed for the filing  
28 thereof shall be considered as filed on such last day, determined without  
29 regard to any extension of time granted the taxpayer;

30 (2) any tax paid by the taxpayer before the last day prescribed for its  
31 payment, any income tax withheld from the taxpayer during any calendar  
32 year and any amount paid by the taxpayer as estimated income tax for a  
33 taxable year shall be deemed to have been paid on the last day prescribed  
34 for filing the return for the taxable year to which such amount constitutes a  
35 credit or payment, determined without regard to any extension of time  
36 granted the taxpayer;

37 (3) if any overpayment of tax results from a carryback of a net  
38 operating loss or net capital loss, such overpayment shall be deemed not to  
39 have been made prior to the close of the taxable year in which such net  
40 operating loss or net capital loss arises. For purposes of this paragraph, the  
41 return for the loss year shall not be deemed to be filed before claim for  
42 such overpayment is filed;

43 (4) in the case of a credit, interest shall be allowed and paid from the

1 date of the overpayment to the due date of the amount against which the  
 2 credit is taken, except that if any overpayment of income tax is claimed as  
 3 a credit against estimated tax for the succeeding taxable year, such amount  
 4 shall be considered as a payment of the income tax for the succeeding  
 5 taxable year, whether or not claimed as a credit in the return of estimated  
 6 tax for such succeeding taxable year, and no interest shall be allowed or  
 7 paid in such overpayment for the taxable year in which the overpayment  
 8 arises;

9 (5) in the case of a tax return which is filed after the last date  
 10 prescribed for filing such return, determined with regard to extensions, no  
 11 interest shall be allowed or paid for any period before the date on which  
 12 the return is filed;

13 (6) in the case of a refund, interest shall be allowed and paid from the  
 14 date of the overpayment to a date preceding the date of the refund check  
 15 by not more than 30 days, as determined by the director, whether or not  
 16 such refund check is accepted by the taxpayer after tender of such check to  
 17 the taxpayer, but acceptance of such check shall be without prejudice to  
 18 any right of the taxpayer to claim any additional overpayment and interest  
 19 thereon; and

20 (7) if any overpayment is refunded within two months after the last  
 21 date prescribed, or permitted by extension of time, for filing the return of  
 22 such tax, or within two months after the return was filed, whichever is  
 23 later, no interest shall be allowed or paid. For the purposes of this section,  
 24 an overpayment shall be deemed to have been refunded at the time the  
 25 refund check in the amount of the overpayment, plus any interest due  
 26 thereon, is deposited in the United States mail.

27 Sec. 8. K.S.A. 2016 Supp. 79-32,110 is hereby amended to read as  
 28 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided  
 29 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed  
 30 upon the Kansas taxable income of every resident individual, which tax  
 31 shall be computed in accordance with the following tax schedules:

32 (1) *Married individuals filing joint returns*.

33 (A) For tax year 2012:

34 If the taxable income is:	The tax is:
35 Not over \$30,000.....	3.5% of Kansas taxable
36	income
37 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of
38	excess over \$30,000
39 Over \$60,000.....	\$2,925 plus 6.45% of
40	excess over \$60,000

41 (B) For tax year 2013:

42 If the taxable income is:	The tax is:
43 Not over \$30,000.....	3.0% of Kansas taxable



1		income
2	Over \$30,000.....	\$900 plus 4.9% of excess
3		over \$30,000
4	(C) For tax year 2014:	
5	If the taxable income is:	The tax is:
6	Not over \$30,000.....	2.7% of Kansas taxable
7		income
8	Over \$30,000.....	\$810 plus 4.8% of excess
9		over \$30,000
10	(D) For tax years 2015, 2016 and 2017:	
11	If the taxable income is:	The tax is:
12	Not over \$30,000.....	2.7% of Kansas taxable
13		income
14	Over \$30,000.....	\$810 plus 4.6% of excess
15		over \$30,000
16	<del>(E) For tax year 2018, and all tax years thereafter:</del>	
17	<del>If the taxable income is:</del>	<del>The tax is:</del>
18	<del>Not over \$30,000.....</del>	<del>2.6% of Kansas taxable</del>
19		<del>income</del>
20	<del>Over \$30,000.....</del>	<del>\$780 plus 4.6% of excess over</del>
21		<del>\$30,000</del>
22	(2) <i>All other individuals.</i>	
23	(A) For tax year 2012:	
24	If the taxable income is:	The tax is:
25	Not over \$15,000.....	3.5% of Kansas taxable
26		income
27	Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess
28		over \$15,000
29	Over \$30,000.....	\$1,462.50 plus 6.45% of
30		excess over \$30,000
31	(B) For tax year 2013:	
32	If the taxable income is:	The tax is:
33	Not over \$15,000.....	3.0% of Kansas taxable
34		income
35	Over \$15,000.....	\$450 plus 4.9% of excess over
36		\$15,000
37	(C) For tax year 2014:	
38	If the taxable income is:	The tax is:
39	Not over \$15,000.....	2.7% of Kansas taxable
40		income
41	Over \$15,000.....	\$405 plus 4.8% of excess over
42		\$15,000
43	(D) For tax years 2015, 2016 and 2017:	

1	If the taxable income is:	The tax is:
2	Not over \$15,000.....	2.7% of Kansas taxable
3		income
4	Over \$15,000.....	\$405 plus 4.6% of excess over
5		\$15,000
6	<del>(E) For tax year 2018, and all tax years thereafter:</del>	
7	<del>If the taxable income is:</del>	<del>The tax is:</del>
8	<del>Not over \$15,000.....</del>	<del>2.6% of Kansas taxable</del>
9	<del></del>	<del>income</del>
10	<del>Over \$15,000.....</del>	<del>\$390 plus 4.6% of excess over</del>
11	<del></del>	<del>\$15,000</del>

12 (3) *All resident individuals.* For tax year 2018, and all tax years  
 13 thereafter, for all individuals regardless of filing status, the tax shall be in  
 14 an amount equal to 4.4% of the Kansas taxable income of such  
 15 individuals.

16 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas  
 17 taxable income of every nonresident individual, which tax shall be an  
 18 amount equal to the tax computed under subsection (a) as if the  
 19 nonresident were a resident multiplied by the ratio of modified Kansas  
 20 source income to Kansas adjusted gross income.

21 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable  
 22 income of every corporation doing business within this state or deriving  
 23 income from sources within this state. Such tax shall consist of a normal  
 24 tax and a surtax and shall be computed as follows:

25 (1) The normal tax shall be in an amount equal to 4% of the Kansas  
 26 taxable income of such corporation; and

27 (2) (A) for tax year 2008, the surtax shall be in an amount equal to  
 28 3.1% of the Kansas taxable income of such corporation in excess of  
 29 \$50,000;

30 (B) for tax years 2009 and 2010, the surtax shall be in an amount  
 31 equal to 3.05% of the Kansas taxable income of such corporation in excess  
 32 of \$50,000; and

33 (C) for tax year 2011, and all tax years thereafter, the surtax shall be  
 34 in an amount equal to 3% of the Kansas taxable income of such  
 35 corporation in excess of \$50,000.

36 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable  
 37 income of estates and trusts at the rates provided in subsection (a)(2)  
 38 hereof.

39 (e) ~~Tax rates provided in this section shall be adjusted pursuant to the~~  
 40 ~~provisions of K.S.A. 2016 Supp. 79-32,269, and amendments thereto.~~

41 (f) ~~Notwithstanding the provisions of subsections (a) and (b), for tax~~  
 42 ~~year years 2016 and 2017, and all tax years thereafter, married individuals~~  
 43 ~~filing joint returns with taxable income of \$12,500 or less, and all other~~

1 individuals with taxable income of \$5,000 or less, shall have a tax liability  
2 of zero.

3 Sec. 9. K.S.A. 2016 Supp. 79-32,117 is hereby amended to read as  
4 follows: 79-32,117. (a) *For all tax years ending before January 1, 2018,*  
5 the Kansas adjusted gross income of an individual means such individual's  
6 federal adjusted gross income for the taxable year, with the modifications  
7 specified in this section.

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

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

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

29 (iii) The federal net operating loss deduction.

30 (iv) Federal income tax refunds received by the taxpayer if the  
31 deduction of the taxes being refunded resulted in a tax benefit for Kansas  
32 income tax purposes during a prior taxable year. Such refunds shall be  
33 included in income in the year actually received regardless of the method  
34 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall  
35 be deemed to have resulted if the amount of the tax had been deducted in  
36 determining income subject to a Kansas income tax for a prior year  
37 regardless of the rate of taxation applied in such prior year to the Kansas  
38 taxable income, but only that portion of the refund shall be included as  
39 bears the same proportion to the total refund received as the federal taxes  
40 deducted in the year to which such refund is attributable bears to the total  
41 federal income taxes paid for such year. For purposes of the foregoing  
42 sentence, federal taxes shall be considered to have been deducted only to  
43 the extent such deduction does not reduce Kansas taxable income below

1 zero.

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

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

10 (vii) The amount of any charitable contribution made to the extent the  
11 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
12 32,196, and amendments thereto.

13 (viii) The amount of any costs incurred for improvements to a swine  
14 facility, claimed for deduction in determining federal adjusted gross  
15 income, to the extent the same is claimed as the basis for any credit  
16 allowed pursuant to K.S.A. 2016 Supp. 79-32,204, and amendments  
17 thereto.

18 (ix) The amount of any ad valorem taxes and assessments paid and  
19 the amount of any costs incurred for habitat management or construction  
20 and maintenance of improvements on real property, claimed for deduction  
21 in 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. 79-32,203,  
23 and amendments thereto.

24 (x) Amounts received as nonqualified withdrawals, as defined by  
25 K.S.A. 2016 Supp. 75-643, and amendments thereto, if, at the time of  
26 contribution to a family postsecondary education savings account, such  
27 amounts were subtracted from the federal adjusted gross income pursuant  
28 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts  
29 are not already included in the federal adjusted gross income.

30 (xi) The amount of any contribution made to the same extent the  
31 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016  
32 Supp. 74-50,154, and amendments thereto.

33 (xii) For taxable years commencing after December 31, 2004,  
34 amounts received as withdrawals not in accordance with the provisions of  
35 K.S.A. 2016 Supp. 74-50,204, and amendments thereto, if, at the time of  
36 contribution to an individual development account, such amounts were  
37 subtracted from the federal adjusted gross income pursuant to subsection  
38 (c)(xiii), or if such amounts are not already included in the federal adjusted  
39 gross income.

40 (xiii) The amount of any expenditures claimed for deduction in  
41 determining federal adjusted gross income, to the extent the same is  
42 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.  
43 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

1 (xiv) The amount of any amortization deduction claimed in  
2 determining federal adjusted gross income to the extent the same is  
3 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,221, and  
4 amendments thereto.

5 (xv) The amount of any expenditures claimed for deduction in  
6 determining federal adjusted gross income, to the extent the same is  
7 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.  
8 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233  
9 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-  
10 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

11 (xvi) The amount of any amortization deduction claimed in  
12 determining federal adjusted gross income to the extent the same is  
13 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,227, 79-  
14 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments  
15 thereto.

16 (xvii) 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. 2016 Supp. 79-32,256, and  
19 amendments thereto.

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

30 (xix) For all taxable years beginning after December 31, 2012, the  
31 amount of any: (1) Loss from business as determined under the federal  
32 internal revenue code and reported from schedule C and on line 12 of the  
33 taxpayer's form 1040 federal individual income tax return; (2) loss from  
34 rental real estate, royalties, partnerships, S corporations, except those with  
35 wholly owned subsidiaries subject to the Kansas privilege tax, estates,  
36 trusts, residual interest in real estate mortgage investment conduits and net  
37 farm rental as determined under the federal internal revenue code and  
38 reported from schedule E and on line 17 of the taxpayer's form 1040  
39 federal individual income tax return; and (3) farm loss as determined under  
40 the federal internal revenue code and reported from schedule F and on line  
41 18 of the taxpayer's form 1040 federal income tax return; all to the extent  
42 deducted or subtracted in determining the taxpayer's federal adjusted gross  
43 income. For purposes of this subsection, references to the federal form

1 1040 and federal schedule C, schedule E, and schedule F, shall be to such  
2 form and schedules as they existed for tax year 2011, and as revised  
3 thereafter by the internal revenue service.

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

11 (xxi) For all taxable years beginning after December 31, 2012, the  
12 amount of any deduction for pension, profit sharing, and annuity plans of  
13 self-employed individuals under section 62(a)(6) of the federal internal  
14 revenue code as in effect on January 1, 2012, and amendments thereto, in  
15 determining the federal adjusted gross income of an individual taxpayer.

16 (xxii) For all taxable years beginning after December 31, 2012, the  
17 amount of any deduction for health insurance under section 162(l) of the  
18 federal internal revenue code as in effect on January 1, 2012, and  
19 amendments thereto, in determining the federal adjusted gross income of  
20 an individual taxpayer.

21 (xxiii) For all taxable years beginning after December 31, 2012, the  
22 amount of any deduction for domestic production activities under section  
23 199 of the federal internal revenue code as in effect on January 1, 2012,  
24 and amendments thereto, in determining the federal adjusted gross income  
25 of an individual taxpayer.

26 (xxiv) For taxable years commencing after December 31, 2013, that  
27 portion of the amount of any expenditure deduction claimed in  
28 determining federal adjusted gross income for expenses paid for medical  
29 care of the taxpayer or the taxpayer's spouse or dependents when such  
30 expenses were paid or incurred for an abortion, or for a health benefit plan,  
31 as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, for the  
32 purchase of an optional rider for coverage of abortion in accordance with  
33 K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that  
34 such taxes and assessments are claimed as an itemized deduction for  
35 federal income tax purposes.

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

1 coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and  
2 amendments thereto, to the extent that such taxes and assessments are  
3 claimed as a deduction for federal income tax purposes.

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

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

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

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

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

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

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

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

41 (viii) Amounts received by retired railroad employees as a  
42 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and  
43 228c (a)(1) et seq.

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

6 (x) For taxable years beginning after December 31, 1976, the amount  
7 of the federal tentative jobs tax credit disallowance under the provisions of  
8 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the  
9 amount of the targeted jobs tax credit and work incentive credit  
10 disallowances under 26 U.S.C. § 280 C.

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

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

17 (xiii) For taxable years beginning after December 31, 2004, amounts  
18 contributed to and the amount of income earned on contributions deposited  
19 to an individual development account under K.S.A. 2016 Supp. 74-50,201  
20 et seq., and amendments thereto.

21 (xiv) For all taxable years commencing after December 31, 1996, that  
22 portion of any income of a bank organized under the laws of this state or  
23 any other state, a national banking association organized under the laws of  
24 the United States, an association organized under the savings and loan  
25 code of this state or any other state, or a federal savings association  
26 organized under the laws of the United States, for which an election as an  
27 S corporation under subchapter S of the federal internal revenue code is in  
28 effect, which accrues to the taxpayer who is a stockholder of such  
29 corporation and which is not distributed to the stockholders as dividends of  
30 the corporation. For all taxable years beginning after December 31, 2012,  
31 the amount of modification under this subsection shall exclude the portion  
32 of income or loss reported on schedule E and included on line 17 of the  
33 taxpayer's form 1040 federal individual income tax return.

34 (xv) For all taxable years beginning after December 31, 2006,  
35 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a  
36 joint return, for each designated beneficiary which are contributed to a  
37 family postsecondary education savings account established under the  
38 Kansas postsecondary education savings program or a qualified tuition  
39 program established and maintained by another state or agency or  
40 instrumentality thereof pursuant to section 529 of the internal revenue  
41 code of 1986, as amended, for the purpose of paying the qualified higher  
42 education expenses of a designated beneficiary at an institution of  
43 postsecondary education. The terms and phrases used in this paragraph



1 shall have the meaning respectively ascribed thereto by the provisions of  
2 K.S.A. 2016 Supp. 75-643, and amendments thereto, and the provisions of  
3 such section are hereby incorporated by reference for all purposes thereof.

4 (xvi) For all taxable years beginning after December 31, 2004,  
5 amounts received by taxpayers who are or were members of the armed  
6 forces of the United States, including service in the Kansas army and air  
7 national guard, as a recruitment, sign up or retention bonus received by  
8 such taxpayer as an incentive to join, enlist or remain in the armed services  
9 of the United States, including service in the Kansas army and air national  
10 guard, and amounts received for repayment of educational or student loans  
11 incurred by or obligated to such taxpayer and received by such taxpayer as  
12 a result of such taxpayer's service in the armed forces of the United States,  
13 including service in the Kansas army and air national guard.

14 (xvii) For all taxable years beginning after December 31, 2004,  
15 amounts received by taxpayers who are eligible members of the Kansas  
16 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
17 281, and amendments thereto, and amounts received for death benefits  
18 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section  
19 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and  
20 amendments thereto, to the extent that such death benefits are included in  
21 federal adjusted gross income of the taxpayer.

22 (xviii) For the taxable year beginning after December 31, 2006,  
23 amounts received as benefits under the federal social security act which  
24 are included in federal adjusted gross income of a taxpayer with federal  
25 adjusted gross income of \$50,000 or less, whether such taxpayer's filing  
26 status is single, head of household, married filing separate or married filing  
27 jointly; and for all taxable years beginning after December 31, 2007,  
28 amounts received as benefits under the federal social security act which  
29 are included in federal adjusted gross income of a taxpayer with federal  
30 adjusted gross income of \$75,000 or less, whether such taxpayer's filing  
31 status is single, head of household, married filing separate or married filing  
32 jointly.

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

35 (xx) For all taxable years beginning after December 31, 2012, the  
36 amount of any: (1) Net profit from business as determined under the  
37 federal internal revenue code and reported from schedule C and on line 12  
38 of the taxpayer's form 1040 federal individual income tax return; (2) net  
39 income, not including guaranteed payments as defined in section 707(c) of  
40 the federal internal revenue code and as reported to the taxpayer from  
41 federal schedule K-1, (form 1065-B), in box 9, code F or as reported to the  
42 taxpayer from federal schedule K-1, (form 1065) in box 4, from rental real  
43 estate, royalties, partnerships, S corporations, estates, trusts, residual

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

12 (xxi) For all taxable years beginning after December 31, 2013,  
13 amounts equal to the unreimbursed travel, lodging and medical  
14 expenditures directly incurred by a taxpayer while living, or a dependent  
15 of the taxpayer while living, for the donation of one or more human organs  
16 of the taxpayer, or a dependent of the taxpayer, to another person for  
17 human organ transplantation. The expenses may be claimed as a  
18 subtraction modification provided for in this section to the extent the  
19 expenses are not already subtracted from the taxpayer's federal adjusted  
20 gross income. In no circumstances shall the subtraction modification  
21 provided for in this section for any individual, or a dependent, exceed  
22 \$5,000. As used in this section, "human organ" means all or part of a liver,  
23 pancreas, kidney, intestine, lung or bone marrow. The provisions of this  
24 paragraph shall take effect on the day the secretary of revenue certifies to  
25 the director of the budget that the cost for the department of revenue of  
26 modifications to the automated tax system for the purpose of  
27 implementing this paragraph will not exceed \$20,000.

28 (xxii) For all taxable years beginning after December 31, 2012, the  
29 amount of net gain from the sale of: (1) Cattle and horses, regardless of  
30 age, held by the taxpayer for draft, breeding, dairy or sporting purposes,  
31 and held by such taxpayer for 24 months or more from the date of  
32 acquisition; and (2) other livestock, regardless of age, held by the taxpayer  
33 for draft, breeding, dairy or sporting purposes, and held by such taxpayer  
34 for 12 months or more from the date of acquisition. The subtraction from  
35 federal adjusted gross income shall be limited to the amount of the  
36 additions recognized under the provisions of subsection (b)(xix)  
37 attributable to the business in which the livestock sold had been used. As  
38 used in this paragraph, the term "livestock" shall not include poultry.

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

1 (xxiv) For all taxable years beginning after December 31, 2013, the  
2 net gain from the sale from Christmas trees grown in Kansas and held by  
3 the taxpayer for six years or more.

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

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

13 Sec. 10. K.S.A. 2016 Supp. 79-32,119 is hereby amended to read as  
14 follows: 79-32,119. (a) The Kansas standard deduction of an individual,  
15 including a husband and wife who are either both residents or who file a  
16 joint return as if both were residents, shall be equal to the sum of the  
17 standard deduction amount allowed pursuant to this section, and the  
18 additional standard deduction amount allowed pursuant to this section for  
19 each such deduction allowable to such individual or to such husband and  
20 wife under the federal internal revenue code. ~~For tax year 1998 through tax~~  
21 ~~year 2012, the standard deduction amount shall be as follows: Single~~  
22 ~~individual filing status, \$3,000; married filing status, \$6,000; and head of~~  
23 ~~household filing status, \$4,500. For tax year 1998, and all tax years~~  
24 ~~thereafter, the additional standard deduction amount shall be as follows:~~  
25 ~~Single individual and head of household filing status, \$850; and married~~  
26 ~~filing status, \$700. For tax year 2013, and all tax years thereafter~~ *For all*  
27 *tax years commencing after December 31, 2012, and ending before*  
28 *January 1, 2018, the standard deduction amount of an individual,*  
29 *including husband and wife who are either both residents or who file a*  
30 *joint return as if both were residents, shall be as follows: Single individual*  
31 *filing status, \$3,000; married filing status, \$7,500; and head of household*  
32 *filing status, \$5,500. For purposes of the foregoing, the federal standard*  
33 *deduction allowable to a husband and wife filing separate Kansas income*  
34 *tax returns shall be determined on the basis that separate federal returns*  
35 *were filed, and the federal standard deduction of a husband and wife filing*  
36 *a joint Kansas income tax return shall be determined on the basis that a*  
37 *joint federal income tax return was filed.*

38 (b) *For all tax years commencing after January 1, 2018, the Kansas*  
39 *standard deduction shall be zero, regardless of filing status.*

40 Sec. 11. K.S.A. 2016 Supp. 79-32,120 is hereby amended to read as  
41 follows: 79-32,120. (a) (1) *For all tax years ending before January 1,*  
42 *2018, if federal taxable income of an individual is determined by itemizing*  
43 *deductions from such individual's federal adjusted gross income, such*

1 individual may elect to deduct the Kansas itemized deduction in lieu of the  
2 Kansas standard deduction.

3 (2) For the tax year commencing on January 1, 2013, the Kansas  
4 itemized deduction of an individual means 70% of the total amount of  
5 deductions from federal adjusted gross income, other than federal  
6 deductions for personal exemptions, as provided in the federal internal  
7 revenue code with the modifications specified in this section.

8 (3) For the tax year commencing on January 1, 2014, the Kansas  
9 itemized deduction of an individual means 65% of the total amount of  
10 deductions from federal adjusted gross income, other than federal  
11 deductions for personal exemptions, as provided in the federal internal  
12 revenue code with the modifications specified in this section.

13 (4) For the tax years commencing on and after January 1, 2015, *and*  
14 *ending before January 1, 2018*, the Kansas itemized deduction of an  
15 individual means the following deductions from federal adjusted gross  
16 income, other than federal deductions for personal exemptions, as  
17 provided in the federal internal revenue code with the modifications  
18 specified in this section: (A) 100% of charitable contributions that qualify  
19 as charitable contributions allowable as deductions in section 170 of the  
20 federal internal revenue code; (B) 50% of the amount of qualified  
21 residence interest as provided in section 163(h) of the federal internal  
22 revenue code; and (C) 50% of the amount of taxes on real and personal  
23 property as provided in section 164(a) of the federal internal revenue code.

24 (b) *For all tax years ending before January 1, 2018*, the total amount  
25 of deductions from federal adjusted gross income shall be reduced by the  
26 total amount of income taxes imposed by or paid to this state or any other  
27 taxing jurisdiction to the extent that the same are deducted in determining  
28 the federal itemized deductions and by the amount of all depreciation  
29 deductions claimed for any real or tangible personal property upon which  
30 the deduction allowed by K.S.A. 2016 Supp. 79-32,221, 79-32,227, 79-  
31 32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and  
32 amendments thereto, is or has been claimed.

33 Sec. 12. K.S.A. 2016 Supp. 79-32,121 is hereby amended to read as  
34 follows: 79-32,121. *For all tax years ending prior to January 1, 2018*, an  
35 individual shall be allowed a Kansas exemption of \$2,250 ~~for tax year~~  
36 ~~1998, and all tax years thereafter~~, for each exemption for which such  
37 individual is entitled to a deduction for the taxable year for federal income  
38 tax purposes. In addition to the exemptions authorized in the foregoing  
39 provision, an individual filing a federal income tax return under the status  
40 of head of household, as the same is defined by 26 U.S.C. § 2(b), shall be  
41 allowed an additional Kansas exemption of \$2,250 for tax year 1998.

42 Sec. 13. K.S.A. 2016 Supp. 79-32,153 is hereby amended to read as  
43 follows: 79-32,153. (a) For taxable years commencing after December 31,

1 1997, any taxpayer who shall invest in a qualified business facility, as  
2 defined in ~~subsection (b)~~ of K.S.A. 79-32,154(b), and amendments thereto,  
3 and effective for tax years commencing after December 31, 2010, located  
4 in an area other than a metropolitan county as defined in either K.S.A.  
5 2016 Supp. 74-50,114 or 74-50,211, and amendments thereto, shall be  
6 allowed a credit for such investment, in an amount determined under  
7 subsection (b) against the tax imposed by the Kansas income tax act, the  
8 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and  
9 amendments thereto, or the privilege tax as measured by net income of  
10 financial institutions imposed pursuant to chapter 79, article 11 of the  
11 Kansas Statutes Annotated for the taxable year during which  
12 commencement of commercial operations, as defined in ~~subsection (f)~~ of  
13 K.S.A. 79-32,154(f), and amendments thereto, occurs at such qualified  
14 business facility, and for each of the nine succeeding taxable years. No  
15 credit shall be allowed under this section unless the number of qualified  
16 business facility employees, as determined under ~~subsection (d)~~ of K.S.A.  
17 79-32,154(d), and amendments thereto, engaged or maintained in  
18 employment at the qualified business facility as a direct result of the  
19 investment by the taxpayer for the taxable year for which the credit is  
20 claimed equals or exceeds two. Where an employee performs services for  
21 the taxpayer outside the qualified business facility, the employee shall be  
22 considered engaged or maintained in employment at the qualified business  
23 facility if: (1) The employee's service performed outside the qualified  
24 business facility is incidental to the employee's service inside the qualified  
25 business facility; or (2) the base of operations or, the place from which the  
26 service is directed or controlled, is at the qualified business facility.

27 (b) The credit allowed by subsection (a) for any taxpayer who invests  
28 in a qualified business facility shall be a portion of the tax, but not in  
29 excess of 50% of such tax, otherwise imposed on or measured by the  
30 taxpayer's qualified business facility income, as defined in ~~subsection (g)~~  
31 of K.S.A. 79-32,154(g), and amendments thereto, for the taxable year for  
32 which such credit is allowed. Such portion shall be an amount equal to the  
33 sum of the following:

34 (1) One hundred dollars for each qualified business facility employee  
35 determined under K.S.A. 79-32,154, and amendments thereto; plus

36 (2) one hundred dollars for each \$100,000, or major fraction thereof  
37 (which shall be deemed to be 51% or more), in qualified business facility  
38 investment as determined under K.S.A. 79-32,154, and amendments  
39 thereto.

40 (c) For tax years commencing after December 31, 2005, any taxpayer  
41 claiming credits pursuant to this section, as a condition for claiming and  
42 qualifying for such credits, shall provide information pursuant to K.S.A.  
43 2016 Supp. 79-32,243, and amendments thereto, as part of the tax return in

1 which such credits are claimed. Such credits shall not be denied solely on  
2 the basis of the contents of the information provided by the taxpayer  
3 pursuant to K.S.A. 2016 Supp. 79-32,243, and amendments thereto.

4 (d) No credit shall be allowed under this section for investment in a  
5 public utility, as such term is defined in K.S.A. 66-104, and amendments  
6 thereto.

7 (e) *For tax year 2018, and all tax years thereafter, the credit allowed*  
8 *by this section shall only be available to taxpayers subject to the income*  
9 *tax on corporations imposed pursuant to K.S.A. 79-32,110(c), and*  
10 *amendments thereto, the premium tax or privilege fee imposed pursuant to*  
11 *K.S.A. 40-252, and amendments thereto, or the privilege tax imposed upon*  
12 *any national banking association, state bank, savings bank, trust company*  
13 *or savings and loan association pursuant to article 11 of chapter 79 of the*  
14 *Kansas Statutes Annotated, and amendments thereto, and used only to*  
15 *determine such taxpayer's corporate income, premium tax or privilege tax*  
16 *liability.*

17 Sec. 14. K.S.A. 2016 Supp. 79-32,160a is hereby amended to read as  
18 follows: 79-32,160a. (a) For taxable years commencing after December  
19 31, 1999, and before January 1, 2012, any taxpayer who shall invest in a  
20 qualified business facility, as defined in ~~subsection (b) of~~ K.S.A. 79-  
21 32,154(b), and amendments thereto, and effective for tax years  
22 commencing after December 31, 2010, and before January 1, 2012,  
23 located in an area other than a metropolitan county as defined in either  
24 K.S.A. 2016 Supp. 74-50,114 or 74-50,211, and amendments thereto, and  
25 also meets the definition of a business in ~~subsection (b) of~~ K.S.A. 74-  
26 50,114(b), and amendments thereto, shall be allowed a credit for such  
27 investment, in an amount determined under subsection (b) or (c), as the  
28 case requires, against the tax imposed by the Kansas income tax act or  
29 where the qualified business facility is the principal place from which the  
30 trade or business of the taxpayer is directed or managed and the facility  
31 has facilitated the creation of at least 20 new full-time positions, against  
32 the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and  
33 amendments thereto, or as measured by the net income of financial  
34 institutions imposed pursuant to article 11 of chapter 79 of the Kansas  
35 Statutes Annotated, and amendments thereto, for the taxable year during  
36 which commencement of commercial operations, as defined in ~~subsection~~  
37 ~~(f) of~~ K.S.A. 79-32,154(f), and amendments thereto, occurs at such  
38 qualified business facility. In the case of a taxpayer who meets the  
39 definition of a manufacturing business in ~~subsection (d) of~~ K.S.A. 74-  
40 50,114(d), and amendments thereto, no credit shall be allowed under this  
41 section unless the number of qualified business facility employees, as  
42 determined under ~~subsection (d) of~~ K.S.A. 79-32,154(d), and amendments  
43 thereto, engaged or maintained in employment at the qualified business

1 facility as a direct result of the investment by the taxpayer for the taxable  
2 year for which the credit is claimed equals or exceeds two. In the case of a  
3 taxpayer who meets the definition of a nonmanufacturing business in  
4 ~~subsection (f) of K.S.A. 74-50,114(f)~~, and amendments thereto, no credit  
5 shall be allowed under this section unless the number of qualified business  
6 facility employees, as determined under ~~subsection (d) of K.S.A. 79-~~  
7 ~~32,154(d)~~, and amendments thereto, engaged or maintained in employment  
8 at the qualified business facility as a direct result of the investment by the  
9 taxpayer for the taxable year for which the credit is claimed equals or  
10 exceeds five. Where an employee performs services for the taxpayer  
11 outside the qualified business facility, the employee shall be considered  
12 engaged or maintained in employment at the qualified business facility if:  
13 (1) The employee's service performed outside the qualified business  
14 facility is incidental to the employee's service inside the qualified business  
15 facility; or (2) the base of operations or, the place from which the service is  
16 directed or controlled, is at the qualified business facility.

17 (b) The credit allowed by subsection (a) for any taxpayer who invests  
18 in a qualified business facility which is located in a designated  
19 nonmetropolitan region established under K.S.A. 74-50,116, and  
20 amendments thereto, on or after the effective date of this act, shall be a  
21 portion of the income tax imposed by the Kansas income tax act on the  
22 taxpayer's Kansas taxable income, the premium tax or privilege fees  
23 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the  
24 privilege tax as measured by the net income of financial institutions  
25 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes  
26 Annotated, and amendments thereto, for the taxable year for which such  
27 credit is allowed, but in the case where the qualified business facility  
28 investment was made prior to January 1, 1996, not in excess of 50% of  
29 such tax. Such portion shall be an amount equal to the sum of the  
30 following:

31 (1) Two thousand five hundred dollars for each qualified business  
32 facility employee determined under K.S.A. 79-32,154, and amendments  
33 thereto; plus

34 (2) one thousand dollars for each \$100,000, or major fraction thereof,  
35 which shall be deemed to be 51% or more, in qualified business facility  
36 investment, as determined under K.S.A. 79-32,154, and amendments  
37 thereto.

38 (c) The credit allowed by subsection (a) for any taxpayer who invests  
39 in a qualified business facility, which is not located in a nonmetropolitan  
40 region established under K.S.A. 74-50,116, and amendments thereto, and  
41 effective for tax years commencing after December 31, 2010, and before  
42 January 1, 2012, located in an area other than a metropolitan county as  
43 defined in either K.S.A. 2016 Supp. 74-50,114 or 74-50,211, and

1 amendments thereto, and which also meets the definition of business in  
2 ~~subsection (b) of K.S.A. 74-50,114(b)~~, and amendments thereto, on or  
3 after the effective date of this act, shall be a portion of the income tax  
4 imposed by the Kansas income tax act on the taxpayer's Kansas taxable  
5 income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-  
6 252, and amendments thereto, or the privilege tax as measured by the net  
7 income of financial institutions imposed pursuant to article 11 of chapter  
8 79 of the Kansas Statutes Annotated, and amendments thereto, for the  
9 taxable year for which such credit is allowed, but in the case where the  
10 qualified business facility investment was made prior to January 1, 1996,  
11 not in excess of 50% of such tax. Such portion shall be an amount equal to  
12 the sum of the following:

13 (1) One thousand five hundred dollars for each qualified business  
14 facility employee as determined under K.S.A. 79-32,154, and amendments  
15 thereto; and

16 (2) one thousand dollars for each \$100,000, or major fraction thereof,  
17 which shall be deemed to be 51% or more, in qualified business facility  
18 investment as determined under K.S.A. 79-32,154, and amendments  
19 thereto.

20 (d) The credit allowed by subsection (a) for each qualified business  
21 facility employee and for qualified business facility investment shall be a  
22 one-time credit. If the amount of the credit allowed under subsection (a)  
23 exceeds the tax imposed by the Kansas income tax act on the taxpayer's  
24 Kansas taxable income, the premium tax and privilege fees imposed  
25 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as  
26 measured by the net income of financial institutions imposed pursuant to  
27 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments  
28 thereto, for the taxable year, or in the case where the qualified business  
29 facility investment was made prior to January 1, 1996, 50% of such tax  
30 imposed upon the amount which exceeds such tax liability or such portion  
31 thereof may be carried over for credit in the same manner in the  
32 succeeding taxable years until the total amount of such credit is used.  
33 Except that, before the credit is allowed, a taxpayer, who meets the  
34 definition of a manufacturing business in ~~subsection (d) of K.S.A. 74-~~  
35 ~~50,114(d)~~, and amendments thereto, shall recertify annually that the net  
36 increase of a minimum of two qualified business facility employees has  
37 continued to be maintained and a taxpayer, who meets the definition of a  
38 nonmanufacturing business in ~~subsection (f) of K.S.A. 74-50,114(f)~~, and  
39 amendments thereto, shall recertify annually that the net increase of a  
40 minimum of five qualified business employees has continued to be  
41 maintained.

42 (e) (I) Notwithstanding the foregoing provisions of this section, and  
43 except as otherwise provided in this subsection, any taxpayer qualified and



1 certified under the provisions of K.S.A. 74-50,131, and amendments  
2 thereto; which, prior to making a commitment to invest in a qualified  
3 Kansas business, has filed a certificate of intent to invest in a qualified  
4 business facility in a form satisfactory to the secretary of commerce; and  
5 that has received written approval from the secretary of commerce for  
6 participation and has participated, during the tax year for which the  
7 exemption is claimed, in the Kansas industrial training, Kansas industrial  
8 retraining or the state of Kansas investments in lifelong learning program  
9 or is eligible for the tax credit established in K.S.A. 74-50,132, and  
10 amendments thereto, shall be entitled to a credit in an amount equal to  
11 10% of that portion of the qualified business facility investment which  
12 exceeds \$50,000 in lieu of the credit provided in subsection (b)(2) or (c)(2)  
13 without regard to the number of qualified business facility employees  
14 engaged or maintained in employment at the qualified business facility.  
15 For tax years beginning on or after January 1, 2012, for a qualified  
16 business facility investment in Douglas, Johnson, Sedgwick, Shawnee or  
17 Wyandotte counties, such credit shall be in an amount equal to 10% of that  
18 portion of the qualified business facility investment which exceeds  
19 \$1,000,000. Any taxpayer who has filed a certificate of intent to invest in a  
20 qualified business facility pursuant to this subsection in Douglas, Johnson,  
21 Sedgwick, Shawnee or Wyandotte county prior to December 31, 2011, and  
22 commences investments in a qualified business facility prior to December  
23 31, 2013, may claim credits under K.S.A. 74-50,131, 74-50,132 and  
24 ~~subsection (e) of 79-32,160a(e)~~, and amendments thereto, in an amount  
25 equal to 10% of that portion of the qualified business facility investment  
26 which exceeds \$50,000. Timing modifications may be authorized at the  
27 discretion of the secretary of commerce and the secretary of revenue  
28 during the transition period. The credit allowed by this subsection shall be  
29 a one-time credit. If the amount thereof exceeds the tax imposed by the  
30 Kansas income tax act on the taxpayer's Kansas taxable income or the  
31 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and  
32 amendments thereto, or the privilege tax as measured by net income of  
33 financial institutions imposed pursuant to article 11 of chapter 79 of the  
34 Kansas Statutes Annotated, and amendments thereto, for the taxable year,  
35 the amount thereof which exceeds such tax liability may be carried  
36 forward for credit in the succeeding taxable year or years until the total  
37 amount of the tax credit is used, except that no such tax credit shall be  
38 carried forward for deduction after the 16<sup>th</sup> taxable year succeeding the  
39 taxable year in which such credit initially was claimed, and no  
40 carryforward shall be allowed for deduction in any succeeding taxable  
41 year unless the taxpayer certifies under oath that the taxpayer continues to  
42 meet the requirements of K.S.A. 74-50,131, and amendments thereto, and  
43 this act. In no event shall any credit allowed under this section that expired

1 during any taxable year prior to the taxable year commencing January 1,  
2 2011, be revived under the provisions of this act.

3 (2) (A) *For tax year 2018, and all tax years thereafter, the credit*  
4 *allowed by this section shall only be available to taxpayers subject to the*  
5 *income tax on corporations imposed pursuant to K.S.A. 79-32,110(c), and*  
6 *amendments thereto, the premium tax or privilege fee imposed pursuant to*  
7 *K.S.A. 40-252, and amendments thereto, or the privilege tax imposed upon*  
8 *any national banking association, state bank, savings bank, trust company*  
9 *or savings and loan association pursuant to article 11 of chapter 79 of the*  
10 *Kansas Statutes Annotated, and amendments thereto, and used only to*  
11 *determine such taxpayer's corporate income, premium tax or privilege tax*  
12 *liability.*

13 (B) *Any credit earned pursuant to the provisions of this section prior*  
14 *to tax year 2018, may be carried forward to succeeding tax years as*  
15 *provided in subsection (e).*

16 (f) For tax years commencing after December 31, 2005, any taxpayer  
17 claiming credits pursuant to this section, as a condition for claiming and  
18 qualifying for such credits, shall provide information pursuant to K.S.A.  
19 2016 Supp. 79-32,243, and amendments thereto, as part of the tax return in  
20 which such credits are claimed. Such credits shall not be denied solely on  
21 the basis of the contents of the information provided by the taxpayer  
22 pursuant to K.S.A. 2016 Supp. 79-32,243, and amendments thereto.

23 (g) This section and K.S.A. 79-32,160b, and amendments thereto,  
24 shall be part of and supplemental to the job expansion and investment  
25 credit act of 1976, and amendments thereto.

26 Sec. 15. K.S.A. 2016 Supp. 79-32,196 is hereby amended to read as  
27 follows: 79-32,196. (a) For taxable years commencing after December 31,  
28 1997, any business firm which contributes to a community service  
29 organization or governmental entity which engages in the activities of  
30 providing community services, shall be allowed a credit, as provided in  
31 K.S.A. 79-32,197, and amendments thereto, against the tax imposed by the  
32 Kansas income tax act, the tax on net income of national banking  
33 associations, state banks, trust companies or savings and loan associations  
34 imposed under article 11 of chapter 79 of the Kansas Statutes Annotated,  
35 and amendments thereto, or the premium tax or privilege fees imposed  
36 pursuant to K.S.A. 40-252, and amendments thereto, if the proposal of the  
37 provider of community services is approved pursuant to K.S.A. 79-32,198,  
38 and amendments thereto. Any business firm which makes such a  
39 contribution after the effective date of this act and prior to July 1, 1998,  
40 shall be allowed a credit in accordance with this act, as if the contribution  
41 had been made in calendar year 1997, for the firm's tax liability for taxable  
42 years commencing after December 31, 1996. Notwithstanding any other  
43 provisions of this section, no business firm shall claim more than one

1 credit for the same contribution.

2 (b) *For tax year 2018, and all tax years thereafter, the credit allowed*  
3 *by this section shall only be available to taxpayers subject to the income*  
4 *tax on corporations imposed pursuant to K.S.A. 79-32,110(c), and*  
5 *amendments thereto, the premium tax or privilege fee imposed pursuant to*  
6 *K.S.A. 40-252, and amendments thereto, or the privilege tax imposed upon*  
7 *any national banking association, state bank, savings bank, trust company*  
8 *or savings and loan association pursuant to article 11 of chapter 79 of the*  
9 *Kansas Statutes Annotated, and amendments thereto, and used only to*  
10 *determine such taxpayer's corporate income, premium tax or privilege tax*  
11 *liability.*

12 Sec. 16. K.S.A. 2016 Supp. 79-32,202a is hereby amended to read as  
13 follows: 79-32,202a. (a) ~~Commencing in tax year 2014, and all tax years~~  
14 ~~thereafter~~ *For tax years commencing after December 31, 2013, and ending*  
15 *before January 1, 2018, and in addition to the credit provided in*  
16 *subsection (b), there shall be allowed as a credit against the tax liability of*  
17 *a resident individual imposed under the Kansas income tax act an amount*  
18 *equal to: (1) 25% of the amount of the credit allowed against such*  
19 *taxpayer's federal income tax liability pursuant to section 23 of the federal*  
20 *internal revenue code determined without regard to subsection (c) of such*  
21 *section; (2) in addition to subsection (a)(1), 25% of the amount of such*  
22 *federal income tax credit, if the child adopted by the taxpayer was a*  
23 *resident of Kansas prior to such lawful adoption; and (3) in addition to*  
24 *subsections (a)(1) and (a)(2), 25% of the amount of such federal income*  
25 *tax credit, if the child adopted by the taxpayer is a child with special*  
26 *needs, as defined in section 23 of the federal internal revenue code, and the*  
27 *child was a resident of Kansas prior to such lawful adoption, for the*  
28 *taxable year in which such credit was claimed against the taxpayer's*  
29 *federal income tax liability.*

30 (b) ~~Commencing in tax year 2014, and all tax years thereafter~~ *For tax*  
31 *years commencing after December 31, 2013, and ending before January*  
32 *1, 2018, there shall be allowed as a credit against the tax liability of a*  
33 *resident individual imposed under the Kansas income tax act an amount*  
34 *equal to \$1,500 for the taxable year in which occurs the lawful adoption of*  
35 *a child in the custody of the secretary for children and families or a child*  
36 *with special needs, whether or not such individual is reimbursed for all or*  
37 *part of qualified adoption expenses or has received a public or private*  
38 *grant therefor. As used in this subsection, terms and phrases shall have the*  
39 *meanings ascribed thereto by the provisions of section 23 of the federal*  
40 *internal revenue code.*

41 (c) The credit allowed by subsections (a) and (b) shall not exceed the  
42 amount of the tax imposed by K.S.A. 79-32,110, and amendments thereto,  
43 reduced by the sum of any other credits allowable pursuant to law. If the

1 amount of such tax credit exceeds the taxpayer's income tax liability for  
2 such taxable year, the amount thereof which exceeds such tax liability may  
3 be carried over for deduction from the taxpayer's income tax liability in the  
4 next succeeding taxable year or years until the total amount of the tax  
5 credits has been deducted from tax liability.

6 *(d) Any credit earned pursuant to this section prior to tax year 2018,*  
7 *may be carried forward to succeeding tax years as provided in subsection*  
8 *(c).*

9 Sec. 17. K.S.A. 2016 Supp. 79-32,205 is hereby amended to read as  
10 follows: 79-32,205. (a) *For all tax years ending before January 1, 2018,*  
11 *there shall be allowed as a credit against the tax liability of a resident*  
12 *individual imposed under the Kansas income tax act an amount equal to*  
13 *18% for tax years 2010 through 2012, and an amount equal to 17% for tax*  
14 *year 2013, and all tax years thereafter, 17% of the amount of the earned*  
15 *income credit allowed against such taxpayer's federal income tax liability*  
16 *pursuant to section 32 of the federal internal revenue code for the taxable*  
17 *year in which such credit was claimed against the taxpayer's federal*  
18 *income tax liability.*

19 (b) If the amount of the credit allowed by subsection (a) exceeds the  
20 taxpayer's income tax liability imposed under the Kansas income tax act,  
21 such excess amount shall be refunded to the taxpayer.

22 Sec. 18. K.S.A. 2016 Supp. 79-32,211 is hereby amended to read as  
23 follows: 79-32,211. (a) For all taxable years commencing after December  
24 31, 2006, there shall be allowed a tax credit against the income, privilege  
25 or premium tax liability imposed upon a taxpayer pursuant to the Kansas  
26 income tax act, the privilege tax imposed upon any national banking  
27 association, state bank, trust company or savings and loan association  
28 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, *and*  
29 *amendments thereto*, or the premiums tax and privilege fees imposed upon  
30 an insurance company pursuant to K.S.A. 40-252, and amendments  
31 thereto, in an amount equal to 25% of qualified expenditures incurred in  
32 the restoration and preservation of a qualified historic structure pursuant to  
33 a qualified rehabilitation plan by a qualified taxpayer if the total amount of  
34 such expenditures equal \$5,000 or more; or in an amount equal to 30% of  
35 qualified expenditures incurred in the restoration and preservation of a  
36 qualified historic structure which is exempt from federal income taxation  
37 pursuant to section 501(c)(3) of the federal internal revenue code and  
38 which is not income producing pursuant to a qualified rehabilitation plan  
39 by a qualified taxpayer if the total amount of such expenditures equals  
40 \$5,000 or more. In no event shall the total amount of credits allowed under  
41 this section exceed \$3,750,000 for fiscal year 2010. If the amount of such  
42 tax credit exceeds the qualified taxpayer's income, privilege or premium  
43 tax liability for the year in which the qualified rehabilitation plan was

1 placed in service, as defined by section 47(b)(1) of the federal internal  
2 revenue code and federal regulation section 1.48-12(f)(2), such excess  
3 amount may be carried over for deduction from such taxpayer's income,  
4 privilege or premium tax liability in the next succeeding year or years until  
5 the total amount of the credit has been deducted from tax liability, except  
6 that no such credit shall be carried over for deduction after the 10<sup>th</sup> taxable  
7 year succeeding the taxable year in which the qualified rehabilitation plan  
8 was placed in service.

9 (b) As used in this section, unless the context clearly indicates  
10 otherwise:

11 (1) "Qualified expenditures" means the costs and expenses incurred  
12 by a qualified taxpayer in the restoration and preservation of a qualified  
13 historic structure pursuant to a qualified rehabilitation plan which are  
14 defined as a qualified rehabilitation expenditure by section 47(c)(2) of the  
15 federal internal revenue code;

16 (2) "qualified historic structure" means any building, whether or not  
17 income producing, which is defined as a certified historic structure by  
18 section 47(c)(3) of the federal internal revenue code, is individually listed  
19 on the register of Kansas historic places, or is located and contributes to a  
20 district listed on the register of Kansas historic places;

21 (3) "qualified rehabilitation plan" means a project which is approved  
22 by the cultural resources division of the state historical society, or by a  
23 local government certified by the division to so approve, as being  
24 consistent with the standards for rehabilitation and guidelines for  
25 rehabilitation of historic buildings as adopted by the federal secretary of  
26 interior and in effect on the effective date of this act. The society shall  
27 adopt rules and regulations providing application and approval procedures  
28 necessary to effectively and efficiently provide compliance with this act,  
29 and may collect fees in order to defray its approval costs in accordance  
30 with rules and regulations adopted therefor; and

31 (4) "qualified taxpayer" means the owner of the qualified historic  
32 structure or any other person who may qualify for the federal rehabilitation  
33 credit allowed by section 47 of the federal internal revenue code.

34 If the taxpayer is a corporation having an election in effect under  
35 subchapter S of the federal internal revenue code, a partnership or a  
36 limited liability company, the credit provided by this section shall be  
37 claimed by the shareholders of such corporation, the partners of such  
38 partnership or the members of such limited liability company in the same  
39 manner as such shareholders, partners or members account for their  
40 proportionate shares of the income or loss of the corporation, partnership  
41 or limited liability company, or as the corporation, partnership or limited  
42 liability company mutually agree as provided in the bylaws or other  
43 executed agreement. Credits granted to a partnership, a limited liability

1 company taxed as a partnership or other multiple owners of property shall  
2 be passed through to the partners, members or owners respectively pro rata  
3 or pursuant to an executed agreement among the partners, members or  
4 owners documenting any alternate distribution method.

5 (c) Any person, hereinafter designated the assignor, may sell, assign,  
6 convey or otherwise transfer tax credits allowed and earned pursuant to  
7 subsection (a). The taxpayer acquiring credits, hereinafter designated the  
8 assignee, may use the amount of the acquired credits to offset up to 100%  
9 of its income, privilege or premiums tax liability for either the taxable year  
10 in which the qualified rehabilitation plan was first placed into service or  
11 the taxable year in which such acquisition was made. Unused credit  
12 amounts claimed by the assignee may be carried forward for up to five  
13 years, except that all such amounts shall be claimed within 10 years  
14 following the tax year in which the qualified rehabilitation plan was first  
15 placed into service. The assignor shall enter into a written agreement with  
16 the assignee establishing the terms and conditions of the agreement and  
17 shall perfect such transfer by notifying the cultural resources division of  
18 the state historical society in writing within 90 calendar days following the  
19 effective date of the transfer and shall provide any information as may be  
20 required by such division to administer and carry out the provisions of this  
21 section. The amount received by the assignor of such tax credit shall be  
22 taxable as income of the assignor, and the excess of the value of such  
23 credit over the amount paid by the assignee for such credit shall be taxable  
24 as income of the assignee.

25 (d) (1) *For tax year 2018, and all tax years thereafter, the credit*  
26 *allowed by this section shall only be available to taxpayers subject to the*  
27 *income tax on corporations imposed pursuant to K.S.A. 79-32,110(c), and*  
28 *amendments thereto, the premium tax or privilege fee imposed pursuant to*  
29 *K.S.A. 40-252, and amendments thereto, or the privilege tax imposed upon*  
30 *any national banking association, state bank, savings bank, trust company*  
31 *or savings and loan association pursuant to article 11 of chapter 79 of the*  
32 *Kansas Statutes Annotated, and amendments thereto, and used only to*  
33 *determine such taxpayer's corporate income, premium tax or privilege tax*  
34 *liability.*

35 (2) *Any credit earned pursuant to this section prior to tax year 2018,*  
36 *may be carried forward to succeeding tax years as provided in subsection*  
37 *(a).*

38 Sec. 19. K.S.A. 2016 Supp. 79-32,258 is hereby amended to read as  
39 follows: 79-32,258. (a) Except as otherwise provided, for all taxable years  
40 commencing after December 31, 2006, a credit against the tax imposed by  
41 the Kansas income tax act shall be allowed for direct production  
42 expenditures made by an eligible film production company, except that  
43 such provisions shall not be applicable for tax years 2009 and 2010. Such

1 credit shall be in an amount equal to 30% of direct production  
2 expenditures made in Kansas that are directly attributable to the  
3 production of a film in Kansas and that have been awarded by the  
4 department of revenue. The tax credit shall be deducted from the eligible  
5 film production company's income tax liability for the taxable year in  
6 which the expenditures are made by the eligible film production company.  
7 If the amount of the film production tax credit allowed exceeds the film  
8 production company's income tax liability for the taxable year, the  
9 taxpayer may carry over the amount thereof that exceeds such tax liability  
10 for deduction from the taxpayer's income tax liability in the next  
11 succeeding taxable year or years until the total amount of the tax credit has  
12 been deducted from tax liability, except that no such tax credit shall be  
13 carried over for deduction after the third taxable year succeeding the year  
14 in which the costs are incurred. If the eligible film production company is  
15 a corporation having an election in effect under subchapter S of the federal  
16 internal revenue code, a partnership or a limited liability entity, the credit  
17 provided by this section shall be claimed by the shareholders of such  
18 corporation, the partners of such partnership or the member of such limited  
19 liability entity in the same manner as such shareholder, partners or  
20 members account for their proportionate shares of the income or loss of  
21 the corporation, partnership or limited liability entity.

22 (b) A long-form narrative film production for which the film  
23 production tax credit is claimed shall contain an acknowledgment that the  
24 production was filmed in Kansas.

25 (c) To be eligible for the film production tax credit, a film production  
26 company shall submit to the department of commerce information required  
27 by the department to demonstrate conformity with the requirements of this  
28 act. Information supplied shall include expected direct production  
29 expenditures to be made in Kansas with respect to the film production for  
30 which the film production company is seeking the film production tax  
31 credit. The department of commerce may reserve a tax credit amount  
32 based upon the expected direct production expenditures. The department  
33 of commerce shall determine the eligibility of the company and shall  
34 certify this information to the department of revenue in a manner and at  
35 times the department of commerce and department of revenue shall agree  
36 upon.

37 (d) To receive a film production tax credit, a film production  
38 company shall apply to the department of revenue on forms and in the  
39 manner the department may prescribe. The application shall include a  
40 certification of the amount of direct production expenditures made in  
41 Kansas with respect to the film production for which the film production  
42 company is seeking the film production tax credit. The department of  
43 revenue may award a film production tax credit based on the application

1 submitted and the amount of tax credit reserved by the department of  
2 commerce. Upon approval of the application and the awarding of the tax  
3 credit the department of revenue shall certify to the film production  
4 company and the department of commerce the amount of the tax credit  
5 awarded.

6 (e) The secretary of commerce and the secretary of revenue are  
7 hereby authorized to adopt rules and regulations to implement and  
8 administer the provisions of this act.

9 (f) (1) *For tax year 2018, and all tax years thereafter, the income tax*  
10 *credit provided by this section shall only be available to taxpayers subject*  
11 *to the income tax on corporations imposed pursuant to K.S.A. 79-*  
12 *32,110(c), and amendments thereto, and shall be applied only against such*  
13 *taxpayer's corporate income tax liability.*

14 (2) *Any credit earned pursuant to this section prior to tax year 2018,*  
15 *may be carried forward to succeeding tax years as provided in subsection*  
16 *(a).*

17 Sec. 20. K.S.A. 2016 Supp. 79-32,266 is hereby amended to read as  
18 follows: 79-32,266. (a) For taxable years commencing after December 31,  
19 2010, and ending before January 1, 2018, there shall be allowed as a credit  
20 against the tax liability of a resident individual taxpayer an amount equal  
21 to 95% of the resident individual's income tax liability under the  
22 provisions of the Kansas income tax act for Kansas source income  
23 received from a qualified company that is business income attributable to  
24 business activities conducted at the business facility, office, department or  
25 other operation relocated to Kansas when the taxpayer owns such qualified  
26 company and materially participates in such business activities conducted  
27 at such relocated business facility, office, department or other operation of  
28 such qualified company which qualified for benefits under the provisions  
29 of ~~subsection (a)(1)~~ of K.S.A. 74-50,212(a)(1), and amendments thereto. A  
30 taxpayer shall be treated as materially participating in such qualified  
31 company's business activities conducted at such business facility, office,  
32 department or other operation relocated to Kansas only if the taxpayer is  
33 involved in such business activities of such qualified company on a basis  
34 which is regular, continuous and substantial. A taxpayer may claim the  
35 credit authorized by this section during any tax year in which the qualified  
36 company owned by the taxpayer qualifies for benefits under provisions of  
37 K.S.A. 74-50,212, and amendments thereto.

38 (b) Business income attributable to the business activities conducted  
39 at the business facility, office, department or other operation relocated to  
40 Kansas of a qualified company which qualified for benefits under the  
41 provisions of ~~subsection (a)(1)~~ of K.S.A. 74-50,212(a)(1), and  
42 amendments thereto, shall be determined by multiplying the business  
43 income of the company apportioned to this state by a fraction, the



1 numerator of which is the property factor plus the payroll factor plus the  
2 sales factor, and the denominator of which is three. For purposes of this  
3 subsection, the property factor is a fraction, the numerator of which is the  
4 average value of the company's real and tangible personal property owned  
5 or rented and used during the tax period at such relocated facility, office,  
6 department or other relocated operation in Kansas, and the denominator of  
7 which is the average value of the company's real and tangible personal  
8 property owned or rented and used within this state during the tax period.  
9 The payroll factor is a fraction, the numerator of which is the total amount  
10 paid during the tax period by the company for compensation at such  
11 relocated facility, office, department or other relocated operation in  
12 Kansas, and the denominator of which is the total compensation paid by  
13 the company in this state during the tax period. The sales factor is a  
14 fraction, the numerator of which is the total sales of the relocated facility,  
15 office, department or other relocated operation in this state during the tax  
16 period, and the denominator of which is the total sales of the company in  
17 this state during the tax period.

18 (c) This credit shall not be available to any taxpayer making a  
19 modification under ~~(b)(xix) or (e)(xx)~~ of K.S.A. 79-32,117(b)(xix) or (c)  
20 (xx), and amendments thereto.

21 (d) The secretary of revenue shall adopt rules and regulations  
22 regarding the filing of documents that support the qualifications of the  
23 taxpayer for the credit claimed pursuant to this section.

24 Sec. 21. K.S.A. 2016 Supp. 79-32,267 is hereby amended to read as  
25 follows: 79-32,267. (a) For taxable years commencing after December 31,  
26 2011, and before January 1, ~~2022~~ 2018, there shall be allowed as a credit  
27 against the tax liability of a resident individual taxpayer an amount equal  
28 to the resident individual's income tax liability under the provisions of the  
29 Kansas income tax act, when the resident individual:

30 (1) Establishes domicile in a rural opportunity zone on or after July 1,  
31 2011, and prior to January 1, 2021, and was domiciled outside this state for  
32 five or more years immediately prior to establishing their domicile in a  
33 rural opportunity zone in this state;

34 (2) had Kansas source income less than \$10,000 in any one year for  
35 five or more years immediately prior to establishing their domicile in a  
36 rural opportunity zone in this state; and

37 (3) was domiciled in a rural opportunity zone during the entire  
38 taxable year for which such credit is claimed.

39 (b) A resident individual may claim the credit authorized by this  
40 section for not more than five consecutive years following establishment  
41 of their domicile in a rural opportunity zone.

42 (c) The maximum amount of any refund under this section shall be  
43 equal to the amount withheld from the resident individual's wages or

1 payments other than wages pursuant to K.S.A. 79-3294 et seq., and  
2 amendments thereto, or paid by the resident individual as estimated taxes  
3 pursuant to K.S.A. 79-32,101 et seq., and amendments thereto.

4 (d) No credit shall be allowed under this section if:

5 (1) The resident individual's income tax return on which the credit is  
6 claimed is not timely filed, including any extension; or

7 (2) the resident individual is delinquent in filing any return with, or  
8 paying any tax due to, the state of Kansas or any political subdivision  
9 thereof.

10 (e) This section shall be part of and supplemental to the Kansas  
11 income tax act.

12 Sec. 22. K.S.A. 2016 Supp. 79-32,271 is hereby amended to read as  
13 follows: 79-32,271. (a) For ~~any~~ *all taxable-year years* commencing after  
14 December 31, 2014, *and ending prior to January 1, 2018*, a credit shall be  
15 allowed against the tax imposed by the Kansas income tax act on the  
16 Kansas taxable income of an individual income taxpayer who purchased  
17 food in this state, had federal adjusted gross income for the tax year that  
18 did not exceed \$30,615, and meets the qualifications in subsections (b) and  
19 (c).

20 (b) During the entire tax year a taxpayer filing single, head of  
21 household, or married filing separate, or the taxpayer and the taxpayer's  
22 spouse if married filing jointly, must be domiciled in this state. For  
23 purposes of this credit, "domicile" shall not include any correctional  
24 facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments  
25 thereto, any juvenile correctional facility, or portion thereof, as defined in  
26 K.S.A. 38-2302, and amendments thereto, any correctional facility of the  
27 federal bureau of prisons located in the state of Kansas, or any city or  
28 county jail facility in the state of Kansas.

29 (c) During the entire tax year a taxpayer filing single, head of  
30 household, or married filing separate, or the taxpayer or the taxpayer's  
31 spouse if married filing jointly, must be either: (1) A person having a  
32 disability, regardless of age; (2) a person without a disability who is 55  
33 years of age or older; or (3) a person without a disability who is younger  
34 than 55 years of age who claims an exemption for one or more dependent  
35 children under 18 years of age.

36 (d) The amount of the credit shall be \$125 for every exemption  
37 claimed on the taxpayer's federal income tax return, except that no  
38 exemption shall be counted for a dependent unless the dependent is a child  
39 under 18 years of age.

40 (e) The credit allowed under this provision shall be applied against  
41 the taxpayer's income tax liability after all other credits allowed under the  
42 income tax act. It shall not be refundable and may not be carried forward.

43 (f) (1) Every taxpayer claiming the credit shall supply the division in

1 support of a claim, reasonable proof of domicile, age and disability.

2 (2) A claim alleging disability shall be supported by a report of the  
3 examining physician of the claimant with a statement or certificate that the  
4 applicant has a disability as defined in subsection (g).

5 (g) "Disability" means: (1) Inability to engage in any substantial  
6 gainful activity by reason of any medically determinable physical or  
7 mental impairment which can be expected to result in death or has lasted  
8 or can be expected to last for a continuous period of not less than 12  
9 months, and an individual shall be determined to be under a disability only  
10 if the physical or mental impairment or impairments are of such severity  
11 that the individual is not only unable to do the individual's previous work  
12 but cannot, considering age, education and work experience, engage in any  
13 other kind of substantial gainful work which exists in the national  
14 economy, regardless of whether such work exists in the immediate area in  
15 which the individual lives or whether a specific job vacancy exists for the  
16 individual, or whether the individual would be hired if application was  
17 made for work. For purposes of this paragraph, with respect to any  
18 individual, "work which exists in the national economy" means work  
19 which exists in significant numbers either in the region where the  
20 individual lives or in several regions of the country; and "physical or  
21 mental impairment" means an impairment that results from anatomical,  
22 physiological or psychological abnormalities which are demonstrable by  
23 medically acceptable clinical and laboratory diagnostic techniques; or

24 (2) blindness and inability by reason of blindness to engage in  
25 substantial gainful activity requiring skills or abilities comparable to those  
26 of any gainful activity in which the individual has previously engaged with  
27 some regularity and over a substantial period of time. For purposes of this  
28 paragraph, "blindness" means central visual acuity of  $^{20}/_{200}$  or less in the  
29 better eye with the use of a correcting lens. An eye which is accompanied  
30 by a limitation in the fields of vision such that the widest diameter of the  
31 visual field subtends an angle no greater than 20 degrees shall be  
32 considered for the purpose of this paragraph as having a central visual  
33 acuity of  $^{20}/_{200}$  or less.

34 (h) The secretary of revenue is hereby authorized to adopt such rules  
35 and regulations as may be necessary for the administration of the  
36 provisions of this section.

37 Sec. 23. K.S.A. 2016 Supp. 74-50,132, 74-50,208, 74-8133, 74-  
38 99c09, 79-32,105, 79-32,110, 79-32,117, 79-32,119, 79-32,120, 79-32,121,  
39 79-32,153, 79-32,160a, 79-32,196, 79-32,202a, 79-32,205, 79-32,211, 79-  
40 32,258, 79-32,266, 79-32,267, 79-32,269 and 79-32,271 are hereby  
41 repealed.

42 Sec. 24. This act shall take effect and be in force from and after its  
43 publication in the statute book.