

SENATE BILL No. 147

By Committee on Assessment and Taxation

1 AN ACT concerning income taxation; relating to rates; determination of
2 Kansas adjusted gross income, modifications; amending K.S.A. 2016
3 Supp. 79-32,110 and 79-32,117 and repealing the existing sections.

4
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2016 Supp. 79-32,110 is hereby amended to read as
7 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided
8 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed
9 upon the Kansas taxable income of every resident individual, which tax
10 shall be computed in accordance with the following tax schedules:

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

12 (A) For tax year 2012:

13 If the taxable income is:	The tax is:
14 Not over \$30,000.....	3.5% of Kansas taxable income
15 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess 16 over \$30,000
17 Over \$60,000.....	\$2,925 plus 6.45% of excess 18 over \$60,000

19 (B) For tax year 2013:

20 If the taxable income is:	The tax is:
21 Not over \$30,000.....	3.0% of Kansas taxable income
22 Over \$30,000.....	\$900 plus 4.9% of excess over 23 \$30,000

24 (C) For tax year 2014:

25 If the taxable income is:	The tax is:
26 Not over \$30,000.....	2.7% of Kansas taxable income
27 Over \$30,000.....	\$810 plus 4.8% of excess over 28 \$30,000

29 (D) For tax years 2015, 2016 and 2017:

30 If the taxable income is:	The tax is:
31 Not over \$30,000.....	2.7% of Kansas taxable income
32 Over \$30,000.....	\$810 plus 4.6% of excess over 33 \$30,000

34 (E) For tax year 2018, and all tax years thereafter:

1	If the taxable income is:	The tax is:
2	Not over \$30,000.....	2.6% 3.0% of Kansas taxable
3		income
4	Over \$30,000.....	\$780 \$900 plus 4.6% 4.9% of
5		excess over \$30,000
6	(2) <i>All other individuals.</i>	
7	(A) For tax year 2012:	
8	If the taxable income is:	The tax is:
9	Not over \$15,000.....	3.5% of Kansas taxable income
10	Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess
11		over \$15,000
12	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
13		over \$30,000
14	(B) For tax year 2013:	
15	If the taxable income is:	The tax is:
16	Not over \$15,000.....	3.0% of Kansas taxable income
17	Over \$15,000.....	\$450 plus 4.9% of excess over
18		\$15,000
19	(C) For tax year 2014:	
20	If the taxable income is:	The tax is:
21	Not over \$15,000.....	2.7% of Kansas taxable income
22	Over \$15,000.....	\$405 plus 4.8% of excess over
23		\$15,000
24	(D) For tax years 2015, 2016 and 2017:	
25	If the taxable income is:	The tax is:
26	Not over \$15,000.....	2.7% of Kansas taxable income
27	Over \$15,000.....	\$405 plus 4.6% of excess over
28		\$15,000
29	(E) For tax year 2018, and all tax years thereafter:	
30	If the taxable income is:	The tax is:
31	Not over \$15,000.....	2.6% 3.0% of Kansas taxable
32		income
33	Over \$15,000.....	\$390 \$450 plus 4.6% 4.9% of
34		excess over \$15,000
35	(b) <i>Nonresident Individuals.</i> A tax is hereby imposed upon the Kansas	
36	taxable income of every nonresident individual, which tax shall be an	
37	amount equal to the tax computed under subsection (a) as if the	
38	nonresident were a resident multiplied by the ratio of modified Kansas	
39	source income to Kansas adjusted gross income.	
40	(c) <i>Corporations.</i> A tax is hereby imposed upon the Kansas taxable	
41	income of every corporation doing business within this state or deriving	
42	income from sources within this state. Such tax shall consist of a normal	
43	tax and a surtax and shall be computed as follows:	

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

3 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
4 3.1% of the Kansas taxable income of such corporation in excess of
5 \$50,000;

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

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

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

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

17 (f) Notwithstanding the provisions of subsections (a) and (b), for tax
18 ~~year years 2016, and all tax years thereafter~~ and 2017, married individuals
19 filing joint returns with taxable income of \$12,500 or less, and all other
20 individuals with taxable income of \$5,000 or less, shall have a tax liability
21 of zero.

22 Sec. 2. K.S.A. 2016 Supp. 79-32,117 is hereby amended to read as
23 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
24 means such individual's federal adjusted gross income for the taxable year,
25 with the modifications specified in this section.

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

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

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

1 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
2 amendments thereto, for privilege tax year 1995, and all such years
3 thereafter.

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

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

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

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

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

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

38 (ix) The amount of any ad valorem taxes and assessments paid and
39 the amount of any costs incurred for habitat management or construction
40 and maintenance of improvements on real property, claimed for deduction
41 in 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. 79-32,203,
43 and amendments thereto.

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

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

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

17 (xiii) The amount of any expenditures claimed for deduction in
18 determining federal adjusted gross income, to the extent the same is
19 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.
20 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

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

25 (xv) The amount of any expenditures claimed for deduction in
26 determining federal adjusted gross income, to the extent the same is
27 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.
28 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
29 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
30 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

31 (xvi) The amount of any amortization deduction claimed in
32 determining federal adjusted gross income to the extent the same is
33 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,227, 79-
34 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
35 thereto.

36 (xvii) The amount of any amortization deduction claimed in
37 determining federal adjusted gross income to the extent the same is
38 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,256, and
39 amendments thereto.

40 (xviii) For taxable years commencing after December 31, 2006, the
41 amount of any ad valorem or property taxes and assessments paid to a state
42 other than Kansas or local government located in a state other than Kansas
43 by a taxpayer who resides in a state other than Kansas, when the law of

1 such state does not allow a resident of Kansas who earns income in such
2 other state to claim a deduction for ad valorem or property taxes or
3 assessments paid to a political subdivision of the state of Kansas in
4 determining taxable income for income tax purposes in such other state, to
5 the extent that such taxes and assessments are claimed as an itemized
6 deduction for federal income tax purposes.

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

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

33 (xxi) For ~~all~~ taxable years beginning after December 31, 2012, *and*
34 *ending before January 1, 2017*, the amount of any deduction for pension,
35 profit sharing, and annuity plans of self-employed individuals under
36 section 62(a)(6) of the federal internal revenue code as in effect on January
37 1, 2012, and amendments thereto, in determining the federal adjusted gross
38 income of an individual taxpayer.

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

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

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

16 (xxv) For taxable years commencing after December 31, 2013, that
17 portion of the amount of any expenditure deduction claimed in
18 determining federal adjusted gross income for expenses paid by a taxpayer
19 for health care when such expenses were paid or incurred for abortion
20 coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731,
21 and amendments thereto, when such expenses were paid or incurred for
22 abortion coverage or amounts contributed to health savings accounts for
23 such taxpayer's employees for the purchase of an optional rider for
24 coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and
25 amendments thereto, to the extent that such taxes and assessments are
26 claimed as a deduction for federal income tax purposes.

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

28 (i) Interest or dividend income on obligations or securities of any
29 authority, commission or instrumentality of the United States and its
30 possessions less any related expenses directly incurred in the purchase of
31 such obligations or securities, to the extent included in federal adjusted
32 gross income but exempt from state income taxes under the laws of the
33 United States.

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

37 (iii) The portion of any gain or loss from the sale or other disposition
38 of property having a higher adjusted basis for Kansas income tax purposes
39 than for federal income tax purposes on the date such property was sold or
40 disposed of in a transaction in which gain or loss was recognized for
41 purposes of federal income tax that does not exceed such difference in
42 basis, but if a gain is considered a long-term capital gain for federal
43 income tax purposes, the modification shall be limited to that portion of

1 such gain which is included in federal adjusted gross income.

2 (iv) The amount necessary to prevent the taxation under this act of
3 any annuity or other amount of income or gain which was properly
4 included in income or gain and was taxed under the laws of this state for a
5 taxable year prior to the effective date of this act, as amended, to the
6 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
7 the right to receive the income or gain, or to a trust or estate from which
8 the taxpayer received the income or gain.

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

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

16 (vii) Amounts received as annuities under the federal civil service
17 retirement system from the civil service retirement and disability fund and
18 other amounts received as retirement benefits in whatever form which
19 were earned for being employed by the federal government or for service
20 in the armed forces of the United States.

21 (viii) Amounts received by retired railroad employees as a
22 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
23 228c (a)(1) et seq.

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

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

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

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

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

1 (xiv) For all taxable years commencing after December 31, 1996, that
2 portion of any income of a bank organized under the laws of this state or
3 any other state, a national banking association organized under the laws of
4 the United States, an association organized under the savings and loan
5 code of this state or any other state, or a federal savings association
6 organized under the laws of the United States, for which an election as an
7 S corporation under subchapter S of the federal internal revenue code is in
8 effect, which accrues to the taxpayer who is a stockholder of such
9 corporation and which is not distributed to the stockholders as dividends of
10 the corporation. For ~~all~~ taxable years beginning after December 31, 2012,
11 *and ending before January 1, 2017*, the amount of modification under this
12 subsection shall exclude the portion of income or loss reported on schedule
13 E and included on line 17 of the taxpayer's form 1040 federal individual
14 income tax return.

15 (xv) For all taxable years beginning after December 31, 2006,
16 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
17 joint return, for each designated beneficiary which are contributed to a
18 family postsecondary education savings account established under the
19 Kansas postsecondary education savings program or a qualified tuition
20 program established and maintained by another state or agency or
21 instrumentality thereof pursuant to section 529 of the internal revenue
22 code of 1986, as amended, for the purpose of paying the qualified higher
23 education expenses of a designated beneficiary at an institution of
24 postsecondary education. The terms and phrases used in this paragraph
25 shall have the meaning respectively ascribed thereto by the provisions of
26 K.S.A. 2016 Supp. 75-643, and amendments thereto, and the provisions of
27 such section are hereby incorporated by reference for all purposes thereof.

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

38 (xvii) For all taxable years beginning after December 31, 2004,
39 amounts received by taxpayers who are eligible members of the Kansas
40 army and air national guard as a reimbursement pursuant to K.S.A. 48-
41 281, and amendments thereto, and amounts received for death benefits
42 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
43 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and

1 amendments thereto, to the extent that such death benefits are included in
2 federal adjusted gross income of the taxpayer.

3 (xviii) For the taxable year beginning after December 31, 2006,
4 amounts received as benefits under the federal social security act which
5 are included in federal adjusted gross income of a taxpayer with federal
6 adjusted gross income of \$50,000 or less, whether such taxpayer's filing
7 status is single, head of household, married filing separate or married filing
8 jointly; and for all taxable years beginning after December 31, 2007,
9 amounts received as benefits under the federal social security act which
10 are included in federal adjusted gross income of a taxpayer with federal
11 adjusted gross income of \$75,000 or less, whether such taxpayer's filing
12 status is single, head of household, married filing separate or married filing
13 jointly.

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

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

36 (xxi) For all taxable years beginning after December 31, 2013,
37 amounts equal to the unreimbursed travel, lodging and medical
38 expenditures directly incurred by a taxpayer while living, or a dependent
39 of the taxpayer while living, for the donation of one or more human organs
40 of the taxpayer, or a dependent of the taxpayer, to another person for
41 human organ transplantation. The expenses may be claimed as a
42 subtraction modification provided for in this section to the extent the
43 expenses are not already subtracted from the taxpayer's federal adjusted

1 gross income. In no circumstances shall the subtraction modification
2 provided for in this section for any individual, or a dependent, exceed
3 \$5,000. As used in this section, "human organ" means all or part of a liver,
4 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
5 paragraph shall take effect on the day the secretary of revenue certifies to
6 the director of the budget that the cost for the department of revenue of
7 modifications to the automated tax system for the purpose of
8 implementing this paragraph will not exceed \$20,000.

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

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

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

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

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

38 (f) *Any taxpayer who is in compliance with the provisions of this*
39 *section, as they appear on June 30, 2017, shall not be assessed penalties*
40 *and interest arising from the underpayment of taxes due to changes to this*
41 *section which became law on July 1, 2017, so long as such underpayment*
42 *occurred prior to July 1, 2017, and is rectified on or before April 15, 2018.*

43 Sec. 3. K.S.A. 2016 Supp. 79-32,110 and 79-32,117 are hereby

1 repealed.

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