

HOUSE BILL No. 2553

By Committee on Taxation

2-3

1 AN ACT concerning income taxation; relating to the determination of
2 income subject to tax; providing for addition and subtraction
3 modifications for the treatment of global intangible low-taxed income,
4 business interest, capital contributions and FDIC premiums; amending
5 K.S.A. 79-32,117 and 79-32,138 and repealing the existing sections.
6

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

8 Section 1. K.S.A. 79-32,117 is hereby amended to read as follows:
9 79-32,117. (a) The Kansas adjusted gross income of an individual means
10 such individual's federal adjusted gross income for the taxable year, with
11 the modifications specified in this section.

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

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

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

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

36 (iv) Federal income tax refunds received by the taxpayer if the

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

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

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

23 (vii) The amount of any charitable contribution made to the extent the
24 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
25 32,196, and amendments thereto.

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

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

36 (x) Amounts received as nonqualified withdrawals, as defined by
37 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
38 family postsecondary education savings account, such amounts were
39 subtracted from the federal adjusted gross income pursuant to K.S.A. 79-
40 32,117(c)(xv), and amendments thereto, or if such amounts are not already
41 included in the federal adjusted gross income.

42 (xi) The amount of any contribution made to the same extent the
43 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-

1 50,154, and amendments thereto.

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

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

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

17 (xv) 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. 79-32,223
20 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
21 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
22 32,251 through 79-32,254, and amendments thereto.

23 (xvi) The amount of any amortization deduction claimed in
24 determining federal adjusted gross income to the extent the same is
25 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
26 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

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

41 (xix) For taxable years beginning after December 31, 2012, and
42 ending before January 1, 2017, the amount of any: (1) Loss from business
43 as determined under the federal internal revenue code and reported from

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

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

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

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

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

40 (xxiv) For taxable years commencing after December 31, 2013, that
41 portion of the amount of any expenditure deduction claimed in
42 determining federal adjusted gross income for expenses paid for medical
43 care of the taxpayer or the taxpayer's spouse or dependents when such

1 expenses were paid or incurred for an abortion, or for a health benefit plan,
2 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
3 an optional rider for coverage of abortion in accordance with K.S.A. 2019
4 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and
5 assessments are claimed as an itemized deduction for federal income tax
6 purposes.

7 (xxv) For taxable years commencing after December 31, 2013, that
8 portion of the amount of any expenditure deduction claimed in
9 determining federal adjusted gross income for expenses paid by a taxpayer
10 for health care when such expenses were paid or incurred for abortion
11 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
12 amendments thereto, when such expenses were paid or incurred for
13 abortion coverage or amounts contributed to health savings accounts for
14 such taxpayer's employees for the purchase of an optional rider for
15 coverage of abortion in accordance with K.S.A. 2019 Supp. 40-2,190, and
16 amendments thereto, to the extent that such taxes and assessments are
17 claimed as a deduction for federal income tax purposes.

18 (xxvi) For all taxable years beginning after December 31, 2016, the
19 amount of any charitable contribution made to the extent the same is
20 claimed as the basis for the credit allowed pursuant to K.S.A. 72-99a07,
21 and amendments thereto, and is also claimed as an itemized deduction for
22 federal income tax purposes.

23 *(xxvii) For all taxable years commencing after December 31, 2017,*
24 *the amount of any deduction claimed under section 250(a)(1)(B) of the*
25 *federal internal revenue code of 1986.*

26 *(xxviii) For all taxable years commencing after December 31, 2017,*
27 *the amount deducted by reason of a carryforward of disallowed business*
28 *interest pursuant to section 163(j) of the federal internal revenue code of*
29 *1986, as in effect on January 1, 2018.*

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

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

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

40 (iii) The portion of any gain or loss from the sale or other disposition
41 of property having a higher adjusted basis for Kansas income tax purposes
42 than for federal income tax purposes on the date such property was sold or
43 disposed of in a transaction in which gain or loss was recognized for

1 purposes of federal income tax that does not exceed such difference in
2 basis, but if a gain is considered a long-term capital gain for federal
3 income tax purposes, the modification shall be limited to that portion of
4 such gain which is included in federal adjusted gross income.

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

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

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

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

24 (viii) Amounts received by retired railroad employees as a
25 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
26 228c(a)(1) et seq.

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

32 (x) For taxable years beginning after December 31, 1976, the amount
33 of the federal tentative jobs tax credit disallowance under the provisions of
34 26 U.S.C. § 280C. For taxable years ending after December 31, 1978, the
35 amount of the targeted jobs tax credit and work incentive credit
36 disallowances under 26 U.S.C. § 280C.

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

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

43 (xiii) For taxable years beginning after December 31, 2004, amounts

1 contributed to and the amount of income earned on contributions deposited
2 to an individual development account under K.S.A. 74-50,201 et seq., and
3 amendments thereto.

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

18 (xv) For all taxable years beginning after December 31, 2017, the
19 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
20 filing a joint return, for each designated beneficiary that are contributed to:
21 (1) A family postsecondary education savings account established under
22 the Kansas postsecondary education savings program or a qualified tuition
23 program established and maintained by another state or agency or
24 instrumentality thereof pursuant to section 529 of the internal revenue
25 code of 1986, as amended, for the purpose of paying the qualified higher
26 education expenses of a designated beneficiary; or (2) an achieving a
27 better life experience (ABLE) account established under the Kansas ABLE
28 savings program or a qualified ABLE program established and maintained
29 by another state or agency or instrumentality thereof pursuant to section
30 529A of the internal revenue code of 1986, as amended, for the purpose of
31 saving private funds to support an individual with a disability. The terms
32 and phrases used in this paragraph shall have the meaning respectively
33 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
34 amendments thereto, and the provisions of such sections are hereby
35 incorporated by reference for all purposes thereof.

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

1 a result of such taxpayer's service in the armed forces of the United States,
2 including service in the Kansas army and air national guard.

3 (xvii) For all taxable years beginning after December 31, 2004,
4 amounts received by taxpayers who are eligible members of the Kansas
5 army and air national guard as a reimbursement pursuant to K.S.A. 48-
6 281, and amendments thereto, and amounts received for death benefits
7 pursuant to K.S.A. 48-282, and amendments thereto, ~~or pursuant to section~~
8 ~~1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and~~
9 ~~amendments thereto~~, to the extent that such death benefits are included in
10 federal adjusted gross income of the taxpayer.

11 (xviii) For the taxable year beginning after December 31, 2006,
12 amounts received as benefits under the federal social security act which
13 are included in federal adjusted gross income of a taxpayer with federal
14 adjusted gross income of \$50,000 or less, whether such taxpayer's filing
15 status is single, head of household, married filing separate or married filing
16 jointly; and for all taxable years beginning after December 31, 2007,
17 amounts received as benefits under the federal social security act which
18 are included in federal adjusted gross income of a taxpayer with federal
19 adjusted gross income of \$75,000 or less, whether such taxpayer's filing
20 status is single, head of household, married filing separate or married filing
21 jointly.

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

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

1 (xxi) For all taxable years beginning after December 31, 2013,
2 amounts equal to the unreimbursed travel, lodging and medical
3 expenditures directly incurred by a taxpayer while living, or a dependent
4 of the taxpayer while living, for the donation of one or more human organs
5 of the taxpayer, or a dependent of the taxpayer, to another person for
6 human organ transplantation. The expenses may be claimed as a
7 subtraction modification provided for in this section to the extent the
8 expenses are not already subtracted from the taxpayer's federal adjusted
9 gross income. In no circumstances shall the subtraction modification
10 provided for in this section for any individual, or a dependent, exceed
11 \$5,000. As used in this section, "human organ" means all or part of a liver,
12 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
13 paragraph shall take effect on the day the secretary of revenue certifies to
14 the director of the budget that the cost for the department of revenue of
15 modifications to the automated tax system for the purpose of
16 implementing this paragraph will not exceed \$20,000.

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

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

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

37 (xxv) *For all taxable years commencing after December 31, 2017,*
38 *100% of global intangible low-taxed income under section 951A of the*
39 *federal internal revenue code of 1986, before any deductions allowed*
40 *under section 250(a)(1)(B) of such code.*

41 (xxvi) *For all taxable years commencing after December 31, 2017,*
42 *the amount disallowed as a deduction pursuant to section 163(j) of the*
43 *federal internal revenue code of 1986, as in effect on January 1, 2018.*

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

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

10 (f) No taxpayer shall be assessed penalties and interest from the
11 underpayment of taxes due to changes to this section that became law on
12 July 1, 2017, so long as such underpayment is rectified on or before April
13 17, 2018.

14 (g) *Any amendments to this section that became law on July 1, 2020,*
15 *shall be applied retroactively to the dates indicated in the amended*
16 *subsections.*

17 Sec. 2. K.S.A. 79-32,138 is hereby amended to read as follows: 79-
18 32,138. (a) Kansas taxable income of a corporation taxable under this act
19 shall be the corporation's federal taxable income for the taxable year with
20 the modifications specified in this section, *except that in determination of*
21 *such federal taxable income for all taxable years commencing after*
22 *December 31, 2017, section 118 of the federal internal revenue code of*
23 *1986 shall be applied as in effect on December 21, 2017.*

24 (b) There shall be added to federal taxable income:

25 (i) The same modifications as are set forth in K.S.A. 79-32,117(b),
26 and amendments thereto, with respect to resident individuals, except
27 subsections (b)(xix), (b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii);

28 (ii) the amount of all depreciation deductions claimed for any
29 property upon which the deduction allowed by K.S.A. 79-32,221, 79-
30 32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-
31 32,256, and amendments thereto, is claimed;

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

35 (iv) for taxable years commencing December 31, 2013, that portion
36 of the amount of any expenditure deduction claimed in determining federal
37 adjusted gross income for expenses paid by a taxpayer for health care
38 when such expenses were paid or incurred for abortion coverage, a health
39 benefit plan, as defined in K.S.A. 65-6731, and amendments thereto, when
40 such expenses were paid or incurred for abortion coverage or amounts
41 contributed to health savings accounts for such taxpayer's employees for
42 the purchase of an optional rider for coverage of abortion in accordance
43 with K.S.A. 2019 Supp. 40-2,190, and amendments thereto;

1 (v) the amount of any charitable contribution deduction claimed for
2 any contribution or gift made to a scholarship granting organization to the
3 extent the same is claimed as the basis for the credit allowed pursuant to
4 K.S.A. 72-4357, and amendments thereto; and

5 (vi) the federal net operating loss deduction.

6 (c) There shall be subtracted from federal taxable income:

7 (i) The same modifications as are set forth in K.S.A. 79-32,117(c),
8 and amendments thereto, with respect to resident individuals, except
9 subsection (c)(xx);

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

24 (iii) an amount for the amortization deduction allowed pursuant to
25 K.S.A. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-
26 32,250, 79-32,255 or 79-32,256, and amendments thereto;

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

30 (v) for all taxable years commencing after December 31, 1987, 80%
31 of dividends from corporations incorporated outside of the United States
32 or the District of Columbia which are included in federal taxable income.
33 *This paragraph does not apply to amounts excluded from income pursuant*
34 *to K.S.A. 79-32,117(c)(xxv), and amendments thereto, or amounts added*
35 *back pursuant to K.S.A. 79-32,117(b)(xxvii), and amendments thereto; and*

36 (vi) *for all taxable years commencing after December 31, 2017, the*
37 *amount disallowed as a deduction pursuant to section 162(r) of the federal*
38 *internal revenue code of 1986, as in effect on January 1, 2018.*

39 (d) If any corporation derives all of its income from sources within
40 Kansas in any taxable year commencing after December 31, 1979, its
41 Kansas taxable income shall be the sum resulting after application of
42 subsections (a) through (c) ~~hereof~~. Otherwise, such corporation's Kansas
43 taxable income in any such taxable year, after excluding any refunds of

1 federal income tax and before the deduction of federal income taxes
2 provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-
3 3271 to K.S.A. ~~through~~ 79-3293, ~~inclusive~~, and amendments thereto, plus
4 any refund of federal income tax as determined under K.S.A. 79-32,117(b)
5 (iv), and amendments thereto, and minus the deduction for federal income
6 taxes as provided by subsection (c)(ii) shall be such corporation's Kansas
7 taxable income.

8 (e) A corporation may make an election with respect to its first
9 taxable year commencing after December 31, 1982, whereby no addition
10 modifications as provided for in subsection (b)(ii) and subtraction
11 modifications as provided for in subsection (c)(iii) as those subsections
12 existed prior to their amendment by this act, shall be required to be made
13 for such taxable year.

14 (f) *Any amendments to this section that became law on July 1, 2020,*
15 *shall be applied retroactively to the dates indicated in the amended*
16 *subsections.*

17 Sec. 3. K.S.A. 79-32,117 and 79-32,138 are hereby repealed.

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