

Senate Substitute for HOUSE BILL No. 2228

By Committee on Assessment and Taxation

3-27

1 AN ACT concerning income taxation; relating to deductions, Kansas
2 itemized deduction and standard deduction, expensing deduction;
3 treatment of deferred foreign corporate income and global intangible
4 low-taxed income; *{credits, Eisenhower foundation donations;*
5 *credits, certain purchases of goods and services for qualified vendors*
6 *that provide employment to individuals who are blind or severely*
7 *disabled, qualifications, procedures and limitations; credits, residents*
8 *of Cowley and Crawford counties;}* amending K.S.A. 2017 Supp. 79-
9 32,117, 79-32,119, 79-32,120, 79-32,138 ~~and,~~; 79-32,143a *{and 79-*
10 *32,267}* and repealing the existing sections.

11

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

13 Section 1. K.S.A. 2017 Supp. 79-32,117 is hereby amended to read as
14 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
15 means such individual's federal adjusted gross income for the taxable year,
16 with the modifications specified in this section.

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

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

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

1 thereafter.

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

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

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

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

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

31 (viii) The amount of any costs incurred for improvements to a swine
32 facility, claimed for deduction in determining federal adjusted gross
33 income, to the extent the same is claimed as the basis for any credit
34 allowed pursuant to K.S.A. 2017 Supp. 79-32,204, and amendments
35 thereto.

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

42 (x) Amounts received as nonqualified withdrawals, as defined by
43 K.S.A. 2017 Supp. 75-643, and amendments thereto, if, at the time of

1 contribution to a family postsecondary education savings account, such
2 amounts were subtracted from the federal adjusted gross income pursuant
3 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts
4 are not already included in the federal adjusted gross income.

5 (xi) The amount of any contribution made to the same extent the
6 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2017
7 Supp. 74-50,154, and amendments thereto.

8 (xii) For taxable years commencing after December 31, 2004,
9 amounts received as withdrawals not in accordance with the provisions of
10 K.S.A. 2017 Supp. 74-50,204, and amendments thereto, if, at the time of
11 contribution to an individual development account, such amounts were
12 subtracted from the federal adjusted gross income pursuant to subsection
13 (c)(xiii), or if such amounts are not already included in the federal adjusted
14 gross income.

15 (xiii) The amount of any expenditures claimed for deduction in
16 determining federal adjusted gross income, to the extent the same is
17 claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp.
18 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

19 (xiv) The amount of any amortization deduction claimed in
20 determining federal adjusted gross income to the extent the same is
21 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,221, and
22 amendments thereto.

23 (xv) The amount of any expenditures claimed for deduction in
24 determining federal adjusted gross income, to the extent the same is
25 claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp.
26 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
27 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
28 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

29 (xvi) The amount of any amortization deduction claimed in
30 determining federal adjusted gross income to the extent the same is
31 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,227, 79-
32 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
33 thereto.

34 (xvii) The amount of any amortization deduction claimed in
35 determining federal adjusted gross income to the extent the same is
36 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,256, and
37 amendments thereto.

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

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

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

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

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

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

42 (xxiii) For taxable years beginning after December 31, 2012, and
43 ending before January 1, 2017, the amount of any deduction for domestic

1 production activities under section 199 of the federal internal revenue code
2 as in effect on January 1, 2012, and amendments thereto, in determining
3 the federal adjusted gross income of an individual taxpayer.

4 (xxiv) For taxable years commencing after December 31, 2013, that
5 portion of the amount of any expenditure deduction claimed in
6 determining federal adjusted gross income for expenses paid for medical
7 care of the taxpayer or the taxpayer's spouse or dependents when such
8 expenses were paid or incurred for an abortion, or for a health benefit plan,
9 as defined in K.S.A. 2017 Supp. 65-6731, and amendments thereto, for the
10 purchase of an optional rider for coverage of abortion in accordance with
11 K.S.A. 2017 Supp. 40-2,190, and amendments thereto, to the extent that
12 such taxes and assessments are claimed as an itemized deduction for
13 federal income tax purposes.

14 (xxv) For taxable years commencing after December 31, 2013, that
15 portion of the amount of any expenditure deduction claimed in
16 determining federal adjusted gross income for expenses paid by a taxpayer
17 for health care when such expenses were paid or incurred for abortion
18 coverage, a health benefit plan, as defined in K.S.A. 2017 Supp. 65-6731,
19 and amendments thereto, when such expenses were paid or incurred for
20 abortion coverage or amounts contributed to health savings accounts for
21 such taxpayer's employees for the purchase of an optional rider for
22 coverage of abortion in accordance with K.S.A. 2017 Supp. 40-2,190, and
23 amendments thereto, to the extent that such taxes and assessments are
24 claimed as a deduction for federal income tax purposes.

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

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

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

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

43 (iv) The amount necessary to prevent the taxation under this act of

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

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

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

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

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

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

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

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

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

38 (xiii) For taxable years beginning after December 31, 2004, amounts
39 contributed to and the amount of income earned on contributions deposited
40 to an individual development account under K.S.A. 2017 Supp. 74-50,201
41 et seq., and amendments thereto.

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

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

13 (xv) For all taxable years beginning after December 31, 2006,
14 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
15 joint return, for each designated beneficiary which are contributed to a
16 family postsecondary education savings account established under the
17 Kansas postsecondary education savings program or a qualified tuition
18 program established and maintained by another state or agency or
19 instrumentality thereof pursuant to section 529 of the internal revenue
20 code of 1986, as amended, for the purpose of paying the qualified higher
21 education expenses of a designated beneficiary at an institution of
22 postsecondary education. The terms and phrases used in this paragraph
23 shall have the meaning respectively ascribed thereto by the provisions of
24 K.S.A. 2017 Supp. 75-643, and amendments thereto, and the provisions of
25 such section are hereby incorporated by reference for all purposes thereof.

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

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

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

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

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

34 (xxi) For all taxable years beginning after December 31, 2013,
35 amounts equal to the unreimbursed travel, lodging and medical
36 expenditures directly incurred by a taxpayer while living, or a dependent
37 of the taxpayer while living, for the donation of one or more human organs
38 of the taxpayer, or a dependent of the taxpayer, to another person for
39 human organ transplantation. The expenses may be claimed as a
40 subtraction modification provided for in this section to the extent the
41 expenses are not already subtracted from the taxpayer's federal adjusted
42 gross income. In no circumstances shall the subtraction modification
43 provided for in this section for any individual, or a dependent, exceed

1 \$5,000. As used in this section, "human organ" means all or part of a liver,
2 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
3 paragraph shall take effect on the day the secretary of revenue certifies to
4 the director of the budget that the cost for the department of revenue of
5 modifications to the automated tax system for the purpose of
6 implementing this paragraph will not exceed \$20,000.

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

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

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

27 (xxv) *For all taxable years beginning after December 31, 2016, 80%*
28 *of deferred foreign income. Deferred foreign income shall include income*
29 *under section 965(a) of the federal internal revenue code of 1986, after*
30 *any deductions allowed under section 965(c) of the code. The provisions*
31 *of this paragraph shall only apply if such income is already included in*
32 *the taxpayer's federal adjusted gross income.*

33 (xxvi) *For all taxable years beginning after December 31, 2017, 80%*
34 *of global intangible low-taxed income. Global intangible low-taxed*
35 *income shall include income under section 250(b)(1) of the federal*
36 *internal revenue code of 1986, after any deductions allowed under section*
37 *250(b)(3) of the code.*

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

42 (e) The amount of modifications required to be made under this
43 section by a partner which relates to items of income, gain, loss, deduction

1 or credit of a partnership shall be determined under K.S.A. 79-32,131, and
2 amendments thereto, to the extent that such items affect federal adjusted
3 gross income of the partner.

4 (f) No taxpayer shall be assessed penalties and interest from the
5 underpayment of taxes due to changes to this section that became law on
6 July 1, 2017, so long as such underpayment is rectified on or before April
7 17, 2018.

8 Sec. 2. K.S.A. 2017 Supp. 79-32,119 is hereby amended to read as
9 follows: 79-32,119. The Kansas standard deduction of an individual,
10 including a husband and wife who are either both residents or who file a
11 joint return as if both were residents, shall be equal to the sum of the
12 standard deduction amount allowed pursuant to this section, and the
13 additional standard deduction amount allowed pursuant to this section for
14 each such deduction allowable to such individual or to such husband and
15 wife under the federal internal revenue code. ~~For tax year 1998 through tax~~
16 ~~year 2012, the standard deduction amount shall be as follows: Single~~
17 ~~individual filing status, \$3,000; married filing status, \$6,000; and head of~~
18 ~~household filing status, \$4,500. For tax year 1998, and all tax years~~
19 ~~thereafter, the additional standard deduction amount shall be as follows:~~
20 ~~Single individual and head of household filing status, \$850; and married~~
21 ~~filing status, \$700. For tax year 2013, and all tax years thereafter through~~
22 ~~tax year 2017, the standard deduction amount of an individual, including~~
23 ~~husband and wife who are either both residents or who file a joint return as~~
24 ~~if both were residents, shall be as follows: Single individual filing status,~~
25 ~~\$3,000; married filing status, \$7,500; and head of household filing status,~~
26 ~~\$5,500. For tax year 2018, and all tax years thereafter, the standard~~
27 ~~deduction amount of an individual, including husband and wife who are~~
28 ~~either both residents or who file a joint return as if both were residents,~~
29 ~~shall be as follows: Single individual filing status, \$3,750; married filing~~
30 ~~status, \$9,375; and head of household filing status, \$6,875. For purposes~~
31 ~~of the foregoing, the federal standard deduction allowable to a husband~~
32 ~~and wife filing separate Kansas income tax returns shall be determined on~~
33 ~~the basis that separate federal returns were filed, and the federal standard~~
34 ~~deduction of a husband and wife filing a joint Kansas income tax return~~
35 ~~shall be determined on the basis that a joint federal income tax return was~~
36 ~~filed.~~

37 Sec. 3. K.S.A. 2017 Supp. 79-32,120 is hereby amended to read as
38 follows: 79-32,120. (a) (1) *For all tax years ending prior to January 1,*
39 *2018, if federal taxable income of an individual is determined by itemizing*
40 *deductions from such individual's federal adjusted gross income, such*
41 *individual may elect to deduct the Kansas itemized deduction in lieu of the*
42 *Kansas standard deduction. For all tax years commencing on and after*
43 *January 1, 2018, an individual may elect to deduct the Kansas itemized*

1 *deduction in lieu of the Kansas standard deduction regardless of whether*
2 *or not such individual's federal taxable income is determined by itemizing*
3 *deductions from such individual's federal adjusted gross income.*

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

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

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

25 ~~(5)(3) For the tax year years commencing on and after January 1,~~
26 ~~2018, and ending before January 1, 2019, the Kansas itemized deduction~~
27 ~~of an individual means the following deductions from federal adjusted~~
28 ~~gross income, other than federal deductions for personal exemptions, as~~
29 ~~provided in the federal internal revenue code with the modifications~~
30 ~~specified in this section: (A) 100% of charitable contributions that qualify~~
31 ~~as charitable contributions allowable as deductions in section 170 of the~~
32 ~~federal internal revenue code; (B) 50% 100% of expenses for medical care~~
33 ~~allowable as deductions in section 213 of the federal internal revenue~~
34 ~~code; (C) 50% 100% of the amount of qualified residence interest as~~
35 ~~provided in section 163(h) of the federal internal revenue code; and (D)~~
36 ~~50% 100% of the amount of taxes on real and personal property as~~
37 ~~provided in section 164(a) of the federal internal revenue code.~~

38 ~~(6) For the tax year commencing on and after January 1, 2019, and~~
39 ~~ending before January 1, 2020, the Kansas itemized deduction of an~~
40 ~~individual means the following deductions from federal adjusted gross~~
41 ~~income, other than federal deductions for personal exemptions, as~~
42 ~~provided in the federal internal revenue code with the modifications~~
43 ~~specified in this section: (A) 100% of charitable contributions that qualify~~

1 as charitable contributions allowable as deductions in section 170 of the
2 federal internal revenue code; (B) 75% of expenses for medical care
3 allowable as deductions in section 213 of the federal internal revenue
4 code; (C) 75% of the amount of qualified residence interest as provided in
5 section 163(h) of the federal internal revenue code; and (D) 75% of the
6 amount of taxes on real and personal property as provided in section
7 164(a) of the federal internal revenue code.

8 (7) ~~For the tax years commencing on and after January 1, 2020, the~~
9 ~~Kansas itemized deduction of an individual means the following~~
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: (A) 100% of~~
13 ~~charitable contributions that qualify as charitable contributions allowable~~
14 ~~as deductions in section 170 of the federal internal revenue code; (B)~~
15 ~~100% of expenses for medical care allowable as deductions in section 213~~
16 ~~of the federal internal revenue code; (C) 100% of the amount of qualified~~
17 ~~residence interest as provided in section 163(h) of the federal internal~~
18 ~~revenue code; and (D) 100% of the amount of taxes on real and personal~~
19 ~~property as provided in section 164(a) of the federal internal revenue code.~~

20 (b) The total amount of deductions from federal adjusted gross
21 income shall be reduced by the total amount of income taxes imposed by
22 or paid to this state or any other taxing jurisdiction to the extent that the
23 same are deducted in determining the federal itemized deductions and by
24 the amount of all depreciation deductions claimed for any real or tangible
25 personal property upon which the deduction allowed by K.S.A. 2017
26 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,
27 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

28 Sec. 4. K.S.A. 2017 Supp. 79-32,138 is hereby amended to read as
29 follows: 79-32,138. (a) Kansas taxable income of a corporation taxable
30 under this act shall be the corporation's federal taxable income for the
31 taxable year with the modifications specified in this section.

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

36 (ii) the amount of all depreciation deductions claimed for any
37 property upon which the deduction allowed by K.S.A. 2017 Supp. 79-
38 32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-
39 32,255 or 79-32,256, and amendments thereto, is claimed;

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

43 (iv) for taxable years commencing December 31, 2013, that portion

1 of the amount of any expenditure deduction claimed in determining federal
2 adjusted gross income for expenses paid by a taxpayer for health care
3 when such expenses were paid or incurred for abortion coverage, a health
4 benefit plan, as defined in K.S.A. 2017 Supp. 65-6731, and amendments
5 thereto, when such expenses were paid or incurred for abortion coverage
6 or amounts contributed to health savings accounts for such taxpayer's
7 employees for the purchase of an optional rider for coverage of abortion in
8 accordance with K.S.A. 2017 Supp. 40-2,190, and amendments thereto;

9 (v) the amount of any charitable contribution deduction claimed for
10 any contribution or gift made to a scholarship granting organization to the
11 extent the same is claimed as the basis for the credit allowed pursuant to
12 K.S.A. 2017 Supp. 72-4357, and amendments thereto; ~~and~~

13 (vi) the federal net operating loss deduction; *and*

14 (vii) *for all taxable years commencing after December 31, 2016, 20%*
15 *of deferred foreign income. Deferred foreign income shall include income*
16 *under section 965(a) of the federal internal revenue code of 1986, after*
17 *any deductions allowed under section 965(c) of the code. The provisions*
18 *of this paragraph shall not apply if such income is already included in the*
19 *taxpayer's federal taxable income.*

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

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

38 (iii) an amount for the amortization deduction allowed pursuant to
39 K.S.A. 2017 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-
40 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto;

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

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

4 (d) If any corporation derives all of its income from sources within
5 Kansas in any taxable year commencing after December 31, 1979, its
6 Kansas taxable income shall be the sum resulting after application of
7 subsections (a) through (c) hereof. Otherwise, such corporation's Kansas
8 taxable income in any such taxable year, after excluding any refunds of
9 federal income tax and before the deduction of federal income taxes
10 provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-
11 3271 to K.S.A. 79-3293, inclusive, and amendments thereto, plus any
12 refund of federal income tax as determined under K.S.A. 79-32,117(b)(iv),
13 and amendments thereto, and minus the deduction for federal income taxes
14 as provided by subsection (c)(ii) shall be such corporation's Kansas taxable
15 income.

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

22 Sec. 5. K.S.A. 2017 Supp. 79-32,143a is hereby amended to read as
23 follows: 79-32,143a. (a) For taxable years beginning after December 31,
24 2011, a taxpayer may elect to take an expense deduction from Kansas net
25 income before expensing or recapture allocated or apportioned to this state
26 for the cost of the following property placed in service in this state during
27 the taxable year: (1) Tangible property eligible for depreciation under the
28 modified accelerated cost recovery system in section 168 of the internal
29 revenue code, as amended, but not including residential rental property,
30 nonresidential real property, any railroad grading or tunnel bore or any
31 other property with an applicable recovery period in excess of 25 years as
32 defined under section 168(c) or (g) of the internal revenue code, as
33 amended; and (2) computer software as defined in section 197(e)(3)(B) of
34 the internal revenue code, as amended, and as described in section 197(e)
35 (3)(A)(i) of the internal revenue code, as amended, to which section 167 of
36 the internal revenue code, as amended, applies. If such election is made,
37 the amount of expense deduction for such cost shall equal the difference
38 between the depreciable cost of such property for federal income tax
39 purposes and the amount of bonus depreciation being claimed for such
40 property pursuant to section 168(k) of the internal revenue code, as
41 amended, for federal income tax purposes in such tax year, but without
42 regard to any expense deduction being claimed for such property under
43 section 179 of the internal revenue code, as amended, multiplied by the

1 applicable factor, determined by using, the table provided in subsection (f),
2 based on the method of depreciation selected pursuant to section 168(b)
3 (1), (2), or (3) or (g) of the internal revenue code, as amended, and the
4 applicable recovery period for such property as defined under section
5 168(c) or (g) of the internal revenue code, as amended. This election shall
6 be made by the due date of the original return, including any extensions,
7 and may be made only for the taxable year in which the property is placed
8 in service, and once made, shall be irrevocable. If the section 179 expense
9 deduction election has been made for federal income tax purposes for any
10 asset, the applicable factor to be utilized is in the IRC § 168 (b)(1) column
11 of the table provided in subsection (f) for the applicable recovery period of
12 the respective assets.

13 (b) If the amount of expense deduction calculated pursuant to
14 subsection (a) exceeds the taxpayer's Kansas net income before expensing
15 or recapture allocated or apportioned to this state, such excess amount
16 shall be treated as a Kansas net operating loss as provided in K.S.A. 79-
17 32,143, and amendments thereto.

18 (c) If the property for which an expense deduction is taken pursuant
19 to subsection (a) is subsequently sold during the applicable recovery
20 period for such property as defined under section 168(c) of the internal
21 revenue code, as amended, and in a manner that would cause recapture of
22 any previously taken expense or depreciation deductions for federal
23 income tax purposes, or if the situs of such property is otherwise changed
24 such that the property is relocated outside the state of Kansas during such
25 applicable recovery period, then the expense deduction determined
26 pursuant to subsection (a) shall be subject to recapture and treated as
27 Kansas taxable income allocated to this state. The amount of recapture
28 shall be the Kansas expense deduction determined pursuant to subsection
29 (a) multiplied by a fraction, the numerator of which is the number of years
30 remaining in the applicable recovery period for such property as defined
31 under section 168(c) or (g) of the internal revenue code, as amended, after
32 such property is sold or removed from the state including the year of such
33 disposition, and the denominator of which is the total number of years in
34 such applicable recovery period.

35 (d) The situs of tangible property for purposes of claiming and
36 recapture of the expense deduction shall be the physical location of such
37 property. If such property is mobile, the situs shall be the physical location
38 of the business operations from where such property is used or based. The
39 situs of computer software shall be apportioned to Kansas based on the
40 fraction, the numerator of which is the number of the taxpayer's users
41 located in Kansas of licenses for such computer software used in the active
42 conduct of the taxpayer's business operations, and the denominator of
43 which is the total number of the taxpayer's users of the licenses for such

1 computer software used in the active conduct of the taxpayer's business
 2 operations everywhere.

3 (e) Any member of a unitary group filing a combined report may
 4 elect to take an expense deduction pursuant to subsection (a) for an
 5 investment in property made by any member of the combined group,
 6 provided that the amount calculated pursuant to subsection (a) may only be
 7 deducted from the Kansas net income before expensing or recapture
 8 allocated to or apportioned to this state by such member making the
 9 election.

10 (f) The following table shall be used in determining the expense
 11 deduction calculated pursuant to subsection (a):

		Factors		
IRC§168	IRC§168(b)(1)	IRC§168(b)(2)	IRC§168(b)(3) or (g)	
Recover Period	Depreciation	Depreciation	Depreciation	
(year)	Method	Method	Method	
16 2.5	*	.077	.092	
17 3	.075	.091	.106	
18 3.5	*	.102	.116	
19 4	*	.114	.129	
20 5	.116	.135	.150	
21 6	*	.154	.170	
22 6.5	*	.163	.179	
23 7	.151	.173	.190	
24 7.5	*	.181	.199	
25 8	*	.191	.208	
26 8.5	*	.199	.217	
27 9	*	.208	.226	
28 9.5	*	.216	.235	
29 10	.198	.224	.244	
30 10.5	*	.232	.252	
31 11	*	.240	.261	
32 11.5	*	.248	.269	
33 12	*	.256	.277	
34 12.5	*	.263	.285	
35 13	*	.271	.293	
36 13.5	*	.278	.300	
37 14	*	.285	.308	
38 15	*	.299	.323	
39 16	*	.313	.337	
40 16.5	*	.319	.344	
41 17	*	.326	.351	
42 18	*	.339	.365	
43 19	*	.351	.378	

1	20	*	.363	.391
2	22	*	.386	.415
3	24	*	.408	.438
4	25	*	.419	.449

5 *Not Applicable

6 (g) If a taxpayer elects to expense any investment pursuant to
 7 subsection (a), such taxpayer shall not be eligible for any tax credit,
 8 accelerated depreciation, or deduction for such investment allowed
 9 pursuant to K.S.A. 2017 Supp. 79-32,160a(e), 79-32,182b, 79-32,201, 79-
 10 32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-
 11 32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-
 12 32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258, and
 13 amendments thereto.

14 (h) (1) For tax year 2013, the deduction allowed by this section shall
 15 only be available to taxpayers subject to the income tax on corporations
 16 imposed pursuant to ~~subsection (e) of~~ K.S.A. 79-32,110(c), and
 17 amendments thereto, and used only to determine such taxpayer's corporate
 18 income tax liability.

19 (2) For ~~tax year~~ *years* 2014, ~~and all tax years thereafter, 2015 and~~
 20 *2016*, the deduction allowed by this section shall only be available to
 21 taxpayers subject to the income tax on corporations imposed pursuant to
 22 ~~subsection (e) of~~ K.S.A. 79-32,110(c), and amendments thereto, or the
 23 privilege tax imposed upon any national banking association, state bank,
 24 savings bank, trust company or savings and loan association pursuant to
 25 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
 26 thereto, and used only to determine such taxpayer's corporate income or
 27 privilege tax liability.

28 (i) *For property placed in service in tax year 2017, a taxpayer may*
 29 *file an amended return on or before December 31, 2018, in order to claim*
 30 *the expense deduction allowed pursuant to this section for tax year 2017.*
 31 *The provisions of this subsection shall not apply to taxpayers subject to*
 32 *the income tax on corporations imposed pursuant to K.S.A. 79-32,110(c),*
 33 *and amendments thereto, or the privilege tax imposed upon any national*
 34 *banking association, state bank, savings bank, trust company or savings*
 35 *and loan association pursuant to article 11 of chapter 79 of the Kansas*
 36 *Statutes Annotated, and amendments thereto.*

37 **{New Sec. 6. (a) For all taxable years commencing after December**
 38 **31, 2017, there shall be allowed a credit against the tax imposed by the**
 39 **Kansas income tax act in an amount equal to 50% of the total amount**
 40 **contributed during the taxable year by the taxpayer to the Eisenhower**
 41 **foundation.**

42 (b) *The amount of such credit awarded to a taxpayer in a taxable*
 43 *year pursuant to this section shall not exceed:*

1 (1) \$25,000 for any taxpayer subject to the income tax on resident
2 individuals imposed pursuant to K.S.A. 79-32,110(a), and amendments
3 thereto; or

4 (2) \$50,000 for any taxpayer subject to the income tax on
5 corporations imposed pursuant to K.S.A. 79-32,110(c), and amendments
6 thereto.

7 (c) The aggregate amount of credits claimed pursuant to this
8 section shall not exceed \$350,000 for any fiscal year.

9 (d) The credit allowed by this section shall not exceed the amount
10 of tax imposed under the Kansas income tax act reduced by the sum of
11 any other credits allowable pursuant to law. Such credit shall be
12 deducted from the taxpayer's income tax liability for the taxable year in
13 which the contributions are made by the taxpayer. The taxpayer shall
14 not be allowed to carry over any amount of such credit exceeding the
15 taxpayer's income tax liability.

16 New Sec. 7. (a) For tax years 2018 through 2022, a credit shall be
17 allowed against the tax imposed by the Kansas income tax act in an
18 amount equal to 15% of the amount for expenditures of goods and
19 services purchased by the taxpayer from a qualified vendor on and after
20 January 1, 2018, and before January 1, 2023, as certified by the
21 secretary of commerce as provided in subsection (c). The amount of
22 such credit awarded for each taxpayer shall not exceed \$500,000 per
23 qualified vendor per tax year. In no event shall the total amount of
24 cumulative credits allowed under this section exceed \$5,000,000 for all
25 tax years that the credit remains in effect.

26 (b) The tax credit allowed by this section shall be deducted from the
27 taxpayer's income tax liability for the tax year in which the expenditures
28 were made by the taxpayer. If the amount of such tax credit exceeds the
29 taxpayer's income tax liability for such tax year, the taxpayer may carry
30 over the amount that exceeds such tax liability for deduction from the
31 taxpayer's liability in the next succeeding tax year or years until the total
32 amount of the tax credit has been deducted from tax liability, except that
33 no such tax credit shall be carried over for deduction after the fourth tax
34 year succeeding the tax year in which the expenditures were incurred.

35 (c) The secretary of commerce shall annually certify that
36 expenditures for goods and services purchased by a taxpayer subject to
37 the tax credit provided in this section were made from a qualified
38 vendor, and provide such certification to the secretary of revenue. The
39 secretary of commerce is hereby authorized to promulgate rules and
40 regulations for establishing criteria based on the provisions of K.S.A.
41 75-3317 et seq., and amendments thereto, for evaluating whether
42 purchases by taxpayers from a qualified vendor should be certified as
43 provided in this section, with the assistance and approval of the secretary

1 *of revenue.*

2 *(d) As used in this section:*

3 *(1) "Certified business" means any business certified by the*
4 *department of administration that is a sole proprietorship, partnership,*
5 *association or corporation domiciled in Kansas, or any corporation,*
6 *even if a wholly owned subsidiary of a foreign corporation, that:*

7 *(A) Does business primarily in Kansas or substantially all of its*
8 *production in Kansas;*

9 *(B) employs at least 30% of its employees who are individuals with*
10 *disabilities and reside in Kansas;*

11 *(C) offers to contribute at least 75% of the premium cost for*
12 *individual health insurance coverage for each employee. The*
13 *department of administration shall require a certification of these facts;*
14 *and*

15 *(D) does not employ individuals under a certificate issued by the*
16 *United States secretary of labor under 29 U.S.C. § 214(c);*

17 *(2) "individuals with disabilities" or "individual with a disability"*
18 *means any individual who:*

19 *(A) Is certified by the Kansas department for aging and disability*
20 *services or by the Kansas department for children and families which*
21 *administers the rehabilitation services program as having a physical or*
22 *mental impairment which constitutes a substantial barrier to*
23 *employment;*

24 *(B) works a minimum number of hours per week for a certified*
25 *business necessary to qualify for health insurance coverage offered*
26 *pursuant to subsection (d)(1); and*

27 *(C) (i) is receiving services, has received services or is eligible to*
28 *receive services under a home and community based services program,*
29 *as defined by K.S.A. 39-7,100, and amendments thereto;*

30 *(ii) is employed by a charitable organization domiciled in the state*
31 *of Kansas and exempt from federal income taxation pursuant to section*
32 *501(c)(3) of the federal internal revenue code of 1986, as amended; or*

33 *(iii) is an individual with a disability pursuant to the disability*
34 *standards established by the social security administration as determined*
35 *by the Kansas disability determination services under the Kansas*
36 *department for children and families; and*

37 *(3) "qualified vendor" means an entity that:*

38 *(A) Is a "qualified vendor" pursuant to K.S.A. 75-3317, and*
39 *amendments thereto, or is a "certified business" that is also a nonprofit*
40 *organization pursuant to K.S.A. 75-3740, and amendments thereto;*

41 *(B) pays minimum wage or above to all their employees in a*
42 *manner that meets the definition of "competitive employment" pursuant*
43 *to K.S.A. 44-1136, and amendments thereto;*

1 ***(C) meets the definition of employing all of their workers in an***
2 ***"integrated setting" pursuant to K.S.A. 44-1136, and amendments***
3 ***thereto; and***

4 ***(D) offers a qualified company-sponsored insurance plan under the***
5 ***affordable care act or pays the required subsidy to the internal revenue***
6 ***service for employees who purchase insurance through the open market,***
7 ***if a company-sponsored plan is not offered. If any such company is not***
8 ***covered under the affordable care act, and does not offer a company-***
9 ***sponsored insurance plan, such company must offer assistance to the***
10 ***employee to cover at least 75% of their health insurance costs through a***
11 ***health savings account or other legal and appropriate methodology.***

12 ***(e) The secretary of revenue shall report to the house committee on***
13 ***taxation and the senate committee on assessment and taxation on or***
14 ***before February 1, 2020, 2021 and 2022 concerning the implementation***
15 ***and effectiveness of the credit provided in this section.***

16 ***Sec. 8. K.S.A. 2017 Supp. 79-32,267 is hereby amended to read as***
17 ***follows: 79-32,267. (a) For taxable years commencing after December***
18 ***31, 2011, and before January 1, 2022, there shall be allowed as a credit***
19 ***against the tax liability of a resident individual taxpayer an amount***
20 ***equal to the resident individual's income tax liability under the***
21 ***provisions of the Kansas income tax act, when the resident individual:***

22 ***(1) Establishes domicile in; (A) A rural opportunity zone; or (B)***
23 ***Cowley or Crawford county on or after July 1, 2011, and prior to***
24 ***January 1, 2021 and was domiciled outside this state for five or more***
25 ***years immediately prior to establishing their domicile in: (A) A rural***
26 ***opportunity zone in this state; or (B) Cowley or Crawford county;***

27 ***(2) had Kansas source income less than \$10,000 in any one year for***
28 ***five or more years immediately prior to establishing their domicile in:***
29 ***(A) a rural opportunity zone in this state; or (B) Cowley or Crawford***
30 ***county; and***

31 ***(3) was domiciled in: (A) A rural opportunity zone; or (B) Cowley or***
32 ***Crawford county during the entire taxable year for which such credit is***
33 ***claimed.***

34 ***(b) A resident individual may claim the credit authorized by this***
35 ***section for not more than five consecutive years following establishment***
36 ***of their domicile in: (1) A rural opportunity zone; or (2) Cowley or***
37 ***Crawford county.***

38 ***(c) The maximum amount of any refund under this section shall be***
39 ***equal to the amount withheld from the resident individual's wages or***
40 ***payments other than wages pursuant to K.S.A. 79-3294 et seq., and***
41 ***amendments thereto, or paid by the resident individual as estimated***
42 ***taxes pursuant to K.S.A. 79-32,101 et seq., and amendments thereto.***

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

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

3 ***(2) the resident individual is delinquent in filing any return with, or***
4 ***paying any tax due to, the state of Kansas or any political subdivision***
5 ***thereof.***

6 ***(e) This section shall be part of and supplemental to the Kansas***
7 ***income tax act.***

8 Sec. ~~6~~ ***{9.}*** K.S.A. 2017 Supp. 79-32,117, 79-32,119, 79-32,120, 79-
9 32,138 ~~and,~~ 79-32,143a ***{and 79-32,267}*** are hereby repealed.

10 Sec. ~~7~~ ***{10.}*** This act shall take effect and be in force from and after
11 its publication in the statute book.