

HOUSE BILL No. 2378

By Committee on Taxation

3-6

1 AN ACT concerning income taxation; relating to determination of Kansas
2 adjusted gross income, rates, itemized deductions; amending K.S.A.
3 2016 Supp. 79-32,110, 79-32,117 and 79-32,120 and repealing the
4 existing sections; also repealing K.S.A. 2016 Supp. 79-32,269.

5

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

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

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

13 (A) For tax year 2012:

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
20 (B) For tax year 2013:

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
25 (C) For tax year 2014:

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
30 (D) For tax years 2015; ~~and 2016 and 2017~~:

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
35 (E) For tax year ~~2018~~ 2017, and all tax years thereafter:

36 If the taxable income is: The tax is:

1	Not over \$30,000.....	2.6% 2.7% of Kansas taxable
2		income
3	Over \$30,000	\$780 \$810 plus 4.6% 5.25% of
4		excess over \$30,000
5	(2) <i>All other individuals.</i>	
6	(A) For tax year 2012:	
7	If the taxable income is:	The tax is:
8	Not over \$15,000.....	3.5% of Kansas taxable income
9	Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess
10		over \$15,000
11	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
12		over \$30,000
13	(B) For tax year 2013:	
14	If the taxable income is:	The tax is:
15	Not over \$15,000.....	3.0% of Kansas taxable income
16	Over \$15,000.....	\$450 plus 4.9% of excess over
17		\$15,000
18	(C) For tax year 2014:	
19	If the taxable income is:	The tax is:
20	Not over \$15,000.....	2.7% of Kansas taxable income
21	Over \$15,000.....	\$405 plus 4.8% of excess over
22		\$15,000
23	(D) For tax years 2015 , and 2016 and 2017:	
24	If the taxable income is:	The tax is:
25	Not over \$15,000.....	2.7% of Kansas taxable income
26	Over \$15,000.....	\$405 plus 4.6% of excess over
27		\$15,000
28	(E) For tax year 2018-2017 , and all tax years thereafter:	
29	If the taxable income is:	The tax is:
30	Not over \$15,000.....	2.6% 2.7% of Kansas taxable
31		income
32	Over \$15,000	\$390 \$405 plus 4.6% 5.25% of
33		excess over \$15,000

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

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

43 (1) The normal tax shall be in an amount equal to 4% of the Kansas

1 taxable income of such corporation; and

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

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

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

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

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

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

20 (f) *Any taxpayer whose withholding or estimated tax payments were*
 21 *based upon the rates as provided in subsection (a) as it appears on June*
 22 *30, 2017, shall not be assessed penalties and interest arising from the*
 23 *underpayment of taxes due to changes to the rates in subsection (a) that*
 24 *became law on July 1, 2017, so long as such underpayment is rectified on*
 25 *or before April 15, 2018.*

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

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

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

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

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

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

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

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

34 (vii) The amount of any charitable contribution made to the extent the
35 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
36 32,196, and amendments thereto.

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

42 (ix) The amount of any ad valorem taxes and assessments paid and
43 the amount of any costs incurred for habitat management or construction

1 and maintenance of improvements on real property, claimed for deduction
2 in determining federal adjusted gross income, to the extent the same is
3 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,
4 and amendments thereto.

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

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

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

21 (xiii) The amount of any expenditures claimed for deduction in
22 determining federal adjusted gross income, to the extent the same is
23 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.
24 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

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

29 (xv) The amount of any expenditures claimed for deduction in
30 determining federal adjusted gross income, to the extent the same is
31 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.
32 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
33 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
34 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

35 (xvi) The amount of any amortization deduction claimed in
36 determining federal adjusted gross income to the extent the same is
37 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,227, 79-
38 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
39 thereto.

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

1 (xviii) For taxable years commencing after December 31, 2006, the
2 amount of any ad valorem or property taxes and assessments paid to a state
3 other than Kansas or local government located in a state other than Kansas
4 by a taxpayer who resides in a state other than Kansas, when the law of
5 such state does not allow a resident of Kansas who earns income in such
6 other state to claim a deduction for ad valorem or property taxes or
7 assessments paid to a political subdivision of the state of Kansas in
8 determining taxable income for income tax purposes in such other state, to
9 the extent that such taxes and assessments are claimed as an itemized
10 deduction for federal income tax purposes.

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

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

37 (xxi) For ~~all~~ taxable years beginning after December 31, 2012, *and*
38 *ending before January 1, 2017*, the amount of any deduction for pension,
39 profit sharing, and annuity plans of self-employed individuals under
40 section 62(a)(6) of the federal internal revenue code as in effect on January
41 1, 2012, and amendments thereto, in determining the federal adjusted gross
42 income of an individual taxpayer.

43 (xxii) For ~~all~~ taxable years beginning after December 31, 2012, *and*

1 *ending before January 1, 2017*, the amount of any deduction for health
2 insurance under section 162(l) of the federal internal revenue code as in
3 effect on January 1, 2012, and amendments thereto, in determining the
4 federal adjusted gross income of an individual taxpayer.

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

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

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

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

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

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

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

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

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

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

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

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

25 (viii) Amounts received by retired railroad employees as a
26 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
27 228c (a)(1) et seq.

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

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

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

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

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

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

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

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

42 (xvii) For all taxable years beginning after December 31, 2004,
43 amounts received by taxpayers who are eligible members of the Kansas

1 army and air national guard as a reimbursement pursuant to K.S.A. 48-
2 281, and amendments thereto, and amounts received for death benefits
3 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
4 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
5 amendments thereto, to the extent that such death benefits are included in
6 federal adjusted gross income of the taxpayer.

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

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

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

40 (xxi) For all taxable years beginning after December 31, 2013,
41 amounts equal to the unreimbursed travel, lodging and medical
42 expenditures directly incurred by a taxpayer while living, or a dependent
43 of the taxpayer while living, for the donation of one or more human organs

1 of the taxpayer, or a dependent of the taxpayer, to another person for
2 human organ transplantation. The expenses may be claimed as a
3 subtraction modification provided for in this section to the extent the
4 expenses are not already subtracted from the taxpayer's federal adjusted
5 gross income. In no circumstances shall the subtraction modification
6 provided for in this section for any individual, or a dependent, exceed
7 \$5,000. As used in this section, "human organ" means all or part of a liver,
8 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
9 paragraph shall take effect on the day the secretary of revenue certifies to
10 the director of the budget that the cost for the department of revenue of
11 modifications to the automated tax system for the purpose of
12 implementing this paragraph will not exceed \$20,000.

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

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

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

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

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

42 (f) *Any taxpayer who is in compliance with the provisions of this*
43 *section as they appear on June 30, 2017, shall not be assessed penalties*

1 *and interest from the underpayment of taxes due to changes to this section*
2 *that became law on July 1, 2017, so long as such underpayment occurred*
3 *prior to July 1, 2017, and is rectified on or before April 15, 2018.*

4 Sec. 3. K.S.A. 2016 Supp. 79-32,120 is hereby amended to read as
5 follows: 79-32,120. (a) (1) If federal taxable income of an individual is
6 determined by itemizing deductions from such individual's federal
7 adjusted gross income, such individual may elect to deduct the Kansas
8 itemized deduction in lieu of the Kansas standard deduction.

9 (2) For the tax year commencing on January 1, 2013, the Kansas
10 itemized deduction of an individual means 70% 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 (3) For the tax year commencing on January 1, 2014, the Kansas
15 itemized deduction of an individual means 65% of the total amount of
16 deductions from federal adjusted gross income, other than federal
17 deductions for personal exemptions, as provided in the federal internal
18 revenue code with the modifications specified in this section.

19 (4) For the tax years commencing on and after January 1, 2015, *and*
20 *ending before January 1, 2017*, the Kansas itemized deduction of an
21 individual means the following deductions from federal adjusted gross
22 income, other than federal deductions for personal exemptions, as
23 provided in the federal internal revenue code with the modifications
24 specified in this section: (A) 100% of charitable contributions that qualify
25 as charitable contributions allowable as deductions in section 170 of the
26 federal internal revenue code; (B) 50% of the amount of qualified
27 residence interest as provided in section 163(h) of the federal internal
28 revenue code; and (C) 50% of the amount of taxes on real and personal
29 property as provided in section 164(a) of the federal internal revenue code.

30 (5) *For the tax years commencing on and after January 1, 2017, the*
31 *Kansas itemized deduction of an individual means the following*
32 *deductions from federal adjusted gross income, other than federal*
33 *deductions for personal exemptions, as provided in the federal internal*
34 *revenue code with the modifications specified in this section: (A) 100% of*
35 *charitable contributions that qualify as charitable contributions allowable*
36 *as deductions in section 170 of the federal internal revenue code; (B)*
37 *100% of expenses for medical care allowable as deductions in section 213*
38 *of the federal internal revenue code; (C) 50% of the amount of qualified*
39 *residence interest as provided in section 163(h) of the federal internal*
40 *revenue code; and (D) 50% of the amount of taxes on real and personal*
41 *property as provided in section 164(a) of the federal internal revenue*
42 *code.*

43 (b) The total amount of deductions from federal adjusted gross

1 income shall be reduced by the total amount of income taxes imposed by
2 or paid to this state or any other taxing jurisdiction to the extent that the
3 same are deducted in determining the federal itemized deductions and by
4 the amount of all depreciation deductions claimed for any real or tangible
5 personal property upon which the deduction allowed by K.S.A. 2016
6 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,
7 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

8 Sec. 4. K.S.A. 2016 Supp. 79-32,110, 79-32,117, 79-32,120 and 79-
9 32,269 are hereby repealed.

10 Sec. 5. This act shall take effect and be in force from and after its
11 publication in the statute book.