

HOUSE BILL No. 2557

By Committee on Taxation

1-31

1 AN ACT concerning ~~income~~ taxation; relating to **{income tax,}** penalties
2 for certain taxpayers who file incorrect returns; ~~{sales tax, refunds for~~
3 ~~**taxes paid on textbooks and certain income modifications;**}~~
4 amending K.S.A. 2013 Supp. 79-3228 **and 79-32,117** and repealing the
5 existing section sections.
6

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

8 Section 1. K.S.A. 2013 Supp. 79-3228 is hereby amended to read as
9 follows: 79-3228. (a) For all taxable years ending prior to January 1, 2002,
10 if any taxpayer, without intent to evade the tax imposed by this act, shall
11 fail to file a return or pay the tax, if one is due, at the time required by or
12 under the provisions of this act, but shall voluntarily file a correct return of
13 income or pay the tax due within six months thereafter, there shall be
14 added to the tax an additional amount equal to 10% of the unpaid balance
15 of tax due plus interest at the rate prescribed by subsection (a) of K.S.A.
16 79-2968, and amendments thereto, from the date the tax was due until
17 paid.

18 (b) For all taxable years ending prior to January 1, 2002, if any
19 taxpayer fails voluntarily to file a return or pay the tax, if one is due,
20 within six months after the time required by or under the provisions of this
21 act, there shall be added to the tax an additional amount equal to 25% of
22 the unpaid balance of tax due plus interest at the rate prescribed by
23 subsection (a) of K.S.A. 79-2968, and amendments thereto, from the date
24 the tax was due until paid. Notwithstanding the foregoing, in the event an
25 assessment is issued following a field audit for any period for which a
26 return was filed by the taxpayer and all of the tax was paid pursuant to
27 such return, a penalty shall be imposed for the period included in the
28 assessment in the amount of 10% of the unpaid balance of tax due shown
29 in the notice of assessment. If after review of a return for any period
30 included in the assessment, the secretary or secretary's designee
31 determines that the underpayment of tax was due to the failure of the
32 taxpayer to make a reasonable attempt to comply with the provisions of
33 this act, such penalty shall be imposed for the period included in the
34 assessment in the amount of 25% of the unpaid balance of tax due.

1 (c) For all taxable years ending after December 31, 2001, if any
2 taxpayer fails to file a return or pay the tax if one is due, at the time
3 required by or under the provisions of this act, there shall be added to the
4 tax an additional amount equal to 1% of the unpaid balance of the tax due
5 for each month or fraction thereof during which such failure continues, not
6 exceeding 24% in the aggregate, plus interest at the rate prescribed by
7 subsection (a) of K.S.A. 79-2968, and amendments thereto, from the date
8 the tax was due until paid. Notwithstanding the foregoing, in the event an
9 assessment is issued following a field audit for any period for which a
10 return was filed by the taxpayer and all of the tax was paid pursuant to
11 such return, a penalty shall be imposed for the period included in the
12 assessment in an amount of 1% per month not exceeding 10% of the
13 unpaid balance of tax due shown in the notice of assessment. If after
14 review of a return for any period included in the assessment, the secretary
15 or secretary's designee determines that the underpayment of tax was due to
16 the failure of the taxpayer to make a reasonable attempt to comply with the
17 provisions of this act, such penalty shall be imposed for the period
18 included in the assessment in the amount of 25% of the unpaid balance of
19 tax due.

20 (d) *For all taxable years ending after December 31, 2013, if any*
21 *taxpayer who has failed to file a return* ~~or has filed an incorrect or~~
22 ~~insufficient return,~~ and after notice from the director refuses or neglects
23 within 20 days to file a proper return, the director shall determine the
24 income of such taxpayer according to the best available information and
25 assess the tax together with a penalty of 50% of the unpaid balance of tax
26 due plus interest at the rate prescribed by subsection (a) of K.S.A. 79-
27 2968, and amendments thereto, from the date the tax was originally due to
28 the date of payment. *If, at any time, a taxpayer filed a return and paid in*
29 *full the tax due as stated on the return, at the time required by or under the*
30 *provisions of this act and subsequently is adjusted by the director, and a*
31 *notice of liability is sent to the taxpayer, no penalty shall be assessed*
32 *under the provisions of this subsection with respect to any underpayment*
33 *of income tax liability due to the adjustment if any such tax is paid within*
34 *30 days of such notice of liability. If any such tax is not paid within 30*
35 *days of original notice, the penalty provided under the provisions of this*
36 *subsection shall apply.*

37 (e) Any person, who with fraudulent intent, fails to pay any tax or to
38 make, render or sign any return, or to supply any information, within the
39 time required by or under the provisions of this act, shall be assessed a
40 penalty equal to the amount of the unpaid balance of tax due plus interest
41 at the rate prescribed by subsection (a) of K.S.A. 79-2968, and
42 amendments thereto, from the date the tax was originally due to the date of
43 payment. Such person shall also be guilty of a misdemeanor and shall,

1 upon conviction, be fined not more than \$1,000 or be imprisoned in the
2 county jail not less than 30 days nor more than one year, or both such fine
3 and imprisonment.

4 (f) Any person who willfully signs a fraudulent return shall be guilty
5 of a felony, and upon conviction thereof shall be punished by
6 imprisonment for a term not exceeding five years. The term "person" as
7 used in this section includes any agent of the taxpayer, and officer or
8 employee of a corporation or a member or employee of a partnership, who
9 as such officer, employee or member is under a duty to perform the act in
10 respect of which the violation occurs.

11 (g) (1) Whenever the secretary or the secretary's designee determines
12 that the failure of the taxpayer to comply with the provisions of
13 subsections (a), (b), (c) and (d) of this section was due to reasonable
14 causes, the secretary or the secretary's designee may waive or reduce any
15 of the penalties and may reduce the interest rate to the underpayment rate
16 prescribed and determined for the applicable period under section 6621 of
17 the federal internal revenue code as in effect on January 1, 1994, upon
18 making a record of the reasons therefor.

19 (2) No penalty shall be assessed hereunder with respect to any
20 underpayment of income tax liability reported on any amended return filed
21 by any taxpayer who at the time of filing pays such underpayment and
22 whose return is not being examined at the time of filing.

23 (3) No penalty assessed hereunder shall be collected if the taxpayer
24 has had the tax abated on appeal, and any penalty collected upon such tax
25 shall be refunded.

26 (h) In case of a nonresident or any officer or employee of a
27 corporation, the failure to do any act required by or under the provisions of
28 this act shall be deemed an act committed in part at the office of the
29 director.

30 (i) In the case of a nonresident individual, partnership or corporation,
31 the failure to do any act required by or under the provision of this act shall
32 prohibit such nonresident from being awarded any contract for
33 construction, reconstruction or maintenance or for the sale of materials and
34 supplies to the state of Kansas or any political subdivision thereof until
35 such time as such nonresident has fully complied with this act.

36 ~~{New Sec. 2. Sales tax paid on and after July 1, 2014, on the gross~~
37 ~~receipts received from the sale of required textbooks purchased in~~
38 ~~Kansas by a student enrolled in a postsecondary educational~~
39 ~~institution in this state shall be refunded. Each claim for a sales tax~~
40 ~~refund shall be verified and submitted to the director of taxation upon~~
41 ~~forms furnished by the director and shall be accompanied by any~~
42 ~~additional documentation required by the director. The director shall~~
43 ~~review each claim and shall refund that amount of sales tax paid as~~

~~1 determined under the provisions of this section. All refunds shall be
2 paid from the sales tax refund fund upon warrants of the director of
3 accounts and reports pursuant to vouchers approved by the director
4 or the director's designee. For the purposes of this section,
5 {"postsecondary educational institution" means any university,
6 municipal university, community college and technical college,
7 whether public or private}.~~

8 *Sec. 2. K.S.A. 2013 Supp. 79-32,117 is hereby amended to read as*
9 *follows: 79-32,117. (a) The Kansas adjusted gross income of an*
10 *individual means such individual's federal adjusted gross income for the*
11 *taxable year, with the modifications specified in this section.*

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

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

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

33 *(iii) The federal net operating loss deduction.*

34 *(iv) Federal income tax refunds received by the taxpayer if the*
35 *deduction of the taxes being refunded resulted in a tax benefit for*
36 *Kansas income tax purposes during a prior taxable year. Such refunds*
37 *shall be included in income in the year actually received regardless of*
38 *the method of accounting used by the taxpayer. For purposes hereof, a*
39 *tax benefit shall be deemed to have resulted if the amount of the tax had*
40 *been deducted in determining income subject to a Kansas income tax for*
41 *a prior year regardless of the rate of taxation applied in such prior year*
42 *to the Kansas taxable income, but only that portion of the refund shall*
43 *be included as bears the same proportion to the total refund received as*

1 *the federal taxes deducted in the year to which such refund is*
2 *attributable bears to the total federal income taxes paid for such year.*
3 *For purposes of the foregoing sentence, federal taxes shall be*
4 *considered to have been deducted only to the extent such deduction does*
5 *not reduce Kansas taxable income below zero.*

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

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

14 *(vii) The amount of any charitable contribution made to the extent*
15 *the same is claimed as the basis for the credit allowed pursuant to K.S.A.*
16 *79-32,196, and amendments thereto.*

17 *(viii) The amount of any costs incurred for improvements to a*
18 *swine facility, claimed for deduction in determining federal adjusted*
19 *gross income, to the extent the same is claimed as the basis for any*
20 *credit allowed pursuant to K.S.A. 2013 Supp. 79-32,204, and*
21 *amendments thereto.*

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

28 *(x) Amounts received as nonqualified withdrawals, as defined by*
29 *K.S.A. 2013 Supp. 75-643, and amendments thereto, if, at the time of*
30 *contribution to a family postsecondary education savings account, such*
31 *amounts were subtracted from the federal adjusted gross income*
32 *pursuant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and*
33 *amendments thereto, or if such amounts are not already included in the*
34 *federal adjusted gross income.*

35 *(xi) The amount of any contribution made to the same extent the*
36 *same is claimed as the basis for the credit allowed pursuant to K.S.A.*
37 *2013 Supp. 74-50,154, and amendments thereto.*

38 *(xii) For taxable years commencing after December 31, 2004,*
39 *amounts received as withdrawals not in accordance with the provisions*
40 *of K.S.A. 2013 Supp. 74-50,204, and amendments thereto, if, at the time*
41 *of contribution to an individual development account, such amounts*
42 *were subtracted from the federal adjusted gross income pursuant to*
43 *paragraph (xiii) of subsection (c), or if such amounts are not already*

1 *included in the federal adjusted gross income.*

2 *(xiii) The amount of any expenditures claimed for deduction in*
3 *determining federal adjusted gross income, to the extent the same is*
4 *claimed as the basis for any credit allowed pursuant to K.S.A. 2013*
5 *Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments*
6 *thereto.*

7 *(xiv) The amount of any amortization deduction claimed in*
8 *determining federal adjusted gross income to the extent the same is*
9 *claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,221, and*
10 *amendments thereto.*

11 *(xv) The amount of any expenditures claimed for deduction in*
12 *determining federal adjusted gross income, to the extent the same is*
13 *claimed as the basis for any credit allowed pursuant to K.S.A. 2013*
14 *Supp. 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-*
15 *32,233 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245*
16 *through 79-32,248 or 79-32,251 through 79-32,254, and amendments*
17 *thereto.*

18 *(xvi) The amount of any amortization deduction claimed in*
19 *determining federal adjusted gross income to the extent the same is*
20 *claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,227, 79-*
21 *32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments*
22 *thereto.*

23 *(xvii) The amount of any amortization deduction claimed in*
24 *determining federal adjusted gross income to the extent the same is*
25 *claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,256, and*
26 *amendments thereto.*

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

37 *(xix) For all taxable years beginning after December 31, 2012, the*
38 *amount of any: (1) Loss from business as determined under the federal*
39 *internal revenue code and reported from schedule C and on line 12 of the*
40 *taxpayer's form 1040 federal individual income tax return; (2) loss from*
41 *rental real estate, royalties, partnerships, S corporations, except those with*
42 *wholly owned subsidiaries subject to the Kansas privilege tax, estates,*
43 *trusts, residual interest in real estate mortgage investment conduits and net*

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

11 ~~(xx)~~—*For all taxable years beginning after December 31, 2012, the*
12 *amount of any deduction for self-employment taxes under section 164(f)*
13 *of the federal internal revenue code as in effect on January 1, 2012, and*
14 *amendments thereto, in determining the federal adjusted gross income*
15 *of an individual taxpayer.*

16 ~~(xxi)~~(xx) *For all taxable years beginning after December 31, 2012,*
17 *the amount of any deduction for pension, profit sharing, and annuity*
18 *plans of self-employed individuals under section 62(a)(6) of the federal*
19 *internal revenue code as in effect on January 1, 2012, and amendments*
20 *thereto, in determining the federal adjusted gross income of an*
21 *individual taxpayer.*

22 ~~(xxii)~~(xxi) *For all taxable years beginning after December 31, 2012,*
23 *the amount of any deduction for health insurance under section 162(l)*
24 *of the federal internal revenue code as in effect on January 1, 2012, and*
25 *amendments thereto, in determining the federal adjusted gross income*
26 *of an individual taxpayer.*

27 ~~(xxiii)~~(xxii) *For all taxable years beginning after December 31,*
28 *2012, the amount of any deduction for domestic production activities*
29 *under section 199 of the federal internal revenue code as in effect on*
30 *January 1, 2012, and amendments thereto, in determining the federal*
31 *adjusted gross income of an individual taxpayer.*

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

42 ~~(xxv)~~(xxiv) *For taxable years commencing after December 31,*
43 *2013, that portion of the amount of any expenditure deduction claimed*

1 *in determining federal adjusted gross income for expenses paid by a*
2 *taxpayer for health care when such expenses were paid or incurred for*
3 *abortion coverage, a health benefit plan, as defined in K.S.A. 2013 Supp.*
4 *65-6731, and amendments thereto, when such expenses were paid or*
5 *incurred for abortion coverage or amounts contributed to health savings*
6 *accounts for such taxpayer's employees for the purchase of an optional*
7 *rider for coverage of abortion in accordance with K.S.A. 2013 Supp. 40-*
8 *2,190, and amendments thereto, to the extent that such taxes and*
9 *assessments are claimed as a deduction for federal income tax purposes.*

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

11 (i) *Interest or dividend income on obligations or securities of any*
12 *authority, commission or instrumentality of the United States and its*
13 *possessions less any related expenses directly incurred in the purchase*
14 *of such obligations or securities, to the extent included in federal*
15 *adjusted gross income but exempt from state income taxes under the*
16 *laws of the United States.*

17 (ii) *Any amounts received which are included in federal adjusted*
18 *gross income but which are specifically exempt from Kansas income*
19 *taxation under the laws of the state of Kansas.*

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

29 (iv) *The amount necessary to prevent the taxation under this act of*
30 *any annuity or other amount of income or gain which was properly*
31 *included in income or gain and was taxed under the laws of this state for*
32 *a taxable year prior to the effective date of this act, as amended, to the*
33 *taxpayer, or to a decedent by reason of whose death the taxpayer*
34 *acquired the right to receive the income or gain, or to a trust or estate*
35 *from which the taxpayer received the income or gain.*

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

40 (vi) *Accumulation distributions received by a taxpayer as a*
41 *beneficiary of a trust to the extent that the same are included in federal*
42 *adjusted gross income.*

43 (vii) *Amounts received as annuities under the federal civil service*

1 *retirement system from the civil service retirement and disability fund*
2 *and other amounts received as retirement benefits in whatever form*
3 *which were earned for being employed by the federal government or for*
4 *service in the armed forces of the United States.*

5 *(viii) Amounts received by retired railroad employees as a*
6 *supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and*
7 *228c (a)(1) et seq.*

8 *(ix) Amounts received by retired employees of a city and by retired*
9 *employees of any board of such city as retirement allowances pursuant*
10 *to K.S.A. 13-14,106, and amendments thereto, or pursuant to any*
11 *charter ordinance exempting a city from the provisions of K.S.A. 13-*
12 *14,106, and amendments thereto.*

13 *(x) For taxable years beginning after December 31, 1976, the*
14 *amount of the federal tentative jobs tax credit disallowance under the*
15 *provisions of 26 U.S.C. § 280 C. For taxable years ending after*
16 *December 31, 1978, the amount of the targeted jobs tax credit and work*
17 *incentive credit disallowances under 26 U.S.C. § 280 C.*

18 *(xi) For taxable years beginning after December 31, 1986, dividend*
19 *income on stock issued by Kansas Venture Capital, Inc.*

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

24 *(xiii) For taxable years beginning after December 31, 2004,*
25 *amounts contributed to and the amount of income earned on*
26 *contributions deposited to an individual development account under*
27 *K.S.A. 2013 Supp. 74-50,201 et seq., and amendments thereto.*

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

42 *(xv) For all taxable years beginning after December 31, 2006,*
43 *amounts not exceeding \$3,000, or \$6,000 for a married couple filing a*

1 *joint return, for each designated beneficiary which are contributed to a*
2 *family postsecondary education savings account established under the*
3 *Kansas postsecondary education savings program or a qualified tuition*
4 *program established and maintained by another state or agency or*
5 *instrumentality thereof pursuant to section 529 of the internal revenue*
6 *code of 1986, as amended, for the purpose of paying the qualified higher*
7 *education expenses of a designated beneficiary at an institution of*
8 *postsecondary education. The terms and phrases used in this paragraph*
9 *shall have the meaning respectively ascribed thereto by the provisions of*
10 *K.S.A. 2013 Supp. 75-643, and amendments thereto, and the provisions*
11 *of such section are hereby incorporated by reference for all purposes*
12 *thereof.*

13 *(xvi) For all taxable years beginning after December 31, 2004,*
14 *amounts received by taxpayers who are or were members of the armed*
15 *forces of the United States, including service in the Kansas army and air*
16 *national guard, as a recruitment, sign up or retention bonus received by*
17 *such taxpayer as an incentive to join, enlist or remain in the armed*
18 *services of the United States, including service in the Kansas army and*
19 *air national guard, and amounts received for repayment of educational*
20 *or student loans incurred by or obligated to such taxpayer and received*
21 *by such taxpayer as a result of such taxpayer's service in the armed*
22 *forces of the United States, including service in the Kansas army and air*
23 *national guard.*

24 *(xvii) For all taxable years beginning after December 31, 2004,*
25 *amounts received by taxpayers who are eligible members of the Kansas*
26 *army and air national guard as a reimbursement pursuant to K.S.A. 48-*
27 *281, and amendments thereto, and amounts received for death benefits*
28 *pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to*
29 *section 1 or section 2 of chapter 207 of the 2005 Session Laws of*
30 *Kansas, and amendments thereto, to the extent that such death benefits*
31 *are included in federal adjusted gross income of the taxpayer.*

32 *(xviii) For the taxable year beginning after December 31, 2006,*
33 *amounts received as benefits under the federal social security act which*
34 *are included in federal adjusted gross income of a taxpayer with federal*
35 *adjusted gross income of \$50,000 or less, whether such taxpayer's filing*
36 *status is single, head of household, married filing separate or married*
37 *filing jointly; and for all taxable years beginning after December 31,*
38 *2007, amounts received as benefits under the federal social security act*
39 *which are included in federal adjusted gross income of a taxpayer with*
40 *federal adjusted gross income of \$75,000 or less, whether such*
41 *taxpayer's filing status is single, head of household, married filing*
42 *separate or married filing jointly.*

43 *(xix) Amounts received by retired employees of Washburn*

1 *university as retirement and pension benefits under the university's*
2 *retirement plan.*

3 *(xx) For all taxable years beginning after December 31, 2012, the*
4 *amount of any: (1) Net profit from business as determined under the*
5 *federal internal revenue code and reported from schedule C and on line*
6 *12 of the taxpayer's form 1040 federal individual income tax return; (2)*
7 *net income from rental real estate, royalties, partnerships, S*
8 *corporations, estates, trusts, residual interest in real estate mortgage*
9 *investment conduits and net farm rental as determined under the federal*
10 *internal revenue code and reported from schedule E and on line 17 of*
11 *the taxpayer's form 1040 federal individual income tax return; and (3)*
12 *net farm profit as determined under the federal internal revenue code*
13 *and reported from schedule F and on line 18 of the taxpayer's form*
14 *1040 federal income tax return; all to the extent included in the*
15 *taxpayer's federal adjusted gross income. For purposes of this*
16 *subsection, references to the federal form 1040 and federal schedule C,*
17 *schedule E, and schedule F, shall be to such form and schedules as they*
18 *existed for tax year 2011 and as revised thereafter by the internal*
19 *revenue service.*

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

24 *(e) The amount of modifications required to be made under this*
25 *section by a partner which relates to items of income, gain, loss,*
26 *deduction or credit of a partnership shall be determined under K.S.A.*
27 *79-32,131, and amendments thereto, to the extent that such items affect*
28 *federal adjusted gross income of the partner.*

29 ~~Sec. 3.~~ {3.} K.S.A. 2013 Supp. 79-3228 ~~is~~ and 79-32,117 are hereby
30 repealed.

31 ~~Sec. 4.~~ {4.} This act shall take effect and be in force from and after its
32 publication in the statute book.