

**HOUSE BILL No. 2667**

By Committee on Federal and State Affairs

2-7

1 AN ACT concerning insurance; relating to coverage of abortion services;  
2 amending K.S.A. 2017 Supp. 40-2,103, 40-19c09, 40-2246, 65-6731,  
3 65-6733, 79-32,117, 79-32,138, 79-32,182b, 79-32,195 and 79-32,261  
4 and repealing the existing sections; also repealing K.S.A. 2017 Supp.  
5 40-2,190 and 40-2,191.  
6

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

8 Section 1. K.S.A. 2017 Supp. 40-2,103 is hereby amended to read as  
9 follows: 40-2,103. The requirements of K.S.A. 40-2,100, 40-2,101, 40-  
10 2,102, 40-2,104, 40-2,105, 40-2,114, 40-2,160, 40-2,165 through 40-2,170,  
11 inclusive, 40-2250, K.S.A. 2017 Supp. 40-2,105a, 40-2,105b, 40-2,184,  
12 ~~40-2,190~~ and 40-2,194, and amendments thereto, shall apply to all  
13 insurance policies, subscriber contracts or certificates of insurance  
14 delivered, renewed or issued for delivery within or outside of this state or  
15 used within this state by or for an individual who resides or is employed in  
16 this state.

17 Sec. 2. K.S.A. 2017 Supp. 40-19c09 is hereby amended to read as  
18 follows: 40-19c09.(a) Corporations organized under the nonprofit medical  
19 and hospital service corporation act shall be subject to the provisions of  
20 the Kansas general corporation code, articles 60 to 74, inclusive, of  
21 chapter 17 of the Kansas Statutes Annotated, and amendments thereto,  
22 applicable to nonprofit corporations, to the provisions of K.S.A. 40-214,  
23 40-215, 40-216, 40-218, 40-219, 40-222, 40-223, 40-224, 40-225, 40-229,  
24 40-230, 40-231, 40-235, 40-236, 40-237, 40-247, 40-248, 40-249, 40-250,  
25 40-251, 40-252, 40-2,100, 40-2,101, 40-2,102, 40-2,103, 40-2,104, 40-  
26 2,105, 40-2,116, 40-2,117, 40-2,125, 40-2,153, 40-2,154, 40-2,160, 40-  
27 2,161, 40-2,163 through 40-2,170, inclusive, 40-2a01 et seq., 40-2111 to  
28 40-2116, inclusive, 40-2215 to 40-2220, inclusive, 40-2221a, 40-2221b,  
29 40-2229, 40-2230, 40-2250, 40-2251, 40-2253, 40-2254, 40-2401 to 40-  
30 2421, inclusive, and 40-3301 to 40-3313, inclusive, K.S.A. 2017 Supp. 40-  
31 2,105a, 40-2,105b, 40-2,184, ~~40-2,190~~ and 40-2,194, and amendments  
32 thereto, except as the context otherwise requires, and shall not be subject  
33 to any other provisions of the insurance code except as expressly provided  
34 in this act.

35 (b) No policy, agreement, contract or certificate issued by a  
36 corporation to which this section applies shall contain a provision which

1 excludes, limits or otherwise restricts coverage because medicaid benefits  
2 as permitted by title XIX of the social security act of 1965 are or may be  
3 available for the same accident or illness.

4 (c) Violation of subsection (b) shall be subject to the penalties  
5 prescribed by K.S.A. 40-2407 and 40-2411, and amendments thereto.

6 Sec. 3. K.S.A. 2017 Supp. 40-2246 is hereby amended to read as  
7 follows: 40-2246. (a) A credit against the taxes otherwise due under the  
8 Kansas income tax act shall be allowed to an employer for amounts paid  
9 during the taxable year for purposes of this act on behalf of an eligible  
10 employee as defined in K.S.A. 40-2239, and amendments thereto, to  
11 provide health insurance or care and amounts contributed to health savings  
12 accounts of eligible covered employees, ~~except that for taxable years~~  
13 ~~commencing after December 31, 2013, no credit shall be allowed pursuant~~  
14 ~~to this section for that portion of any amounts paid by an employer for~~  
15 ~~healthcare expenditures, a health benefit plan, as defined in K.S.A. 2017~~  
16 ~~Supp. 65-6731, and amendments thereto, or amounts contributed to health~~  
17 ~~savings accounts for the purchase of an optional rider for coverage of~~  
18 ~~abortion in accordance with K.S.A. 40-2,190, and amendments thereto.~~

19 (b) (1) For employers that have established a small employer health  
20 benefit plan after December 31, 1999, but prior to January 1, 2005, the  
21 amount of the credit allowed by subsection (a) shall be \$35 per month per  
22 eligible covered employee or 50% of the total amount paid by the  
23 employer during the taxable year, whichever is less, for the first two years  
24 of participation. In the third year, the credit shall be equal to 75% of the  
25 lesser of \$35 per month per employee or 50% of the total amount paid by  
26 the employer during the taxable year. In the fourth year, the credit shall be  
27 equal to 50% of the lesser of \$35 per month per employee or 50% of the  
28 total amount paid by the employer during the taxable year. In the fifth year,  
29 the credit shall be equal to 25% of the lesser of \$35 per month per  
30 employee or 50% of the total amount paid by the employer during the  
31 taxable year. For the sixth and subsequent years, no credit shall be  
32 allowed.

33 (2) For employers that have established a small employer health  
34 benefit plan or made contributions to a health savings account of an  
35 eligible covered employee after December 31, 2004, the amount of credit  
36 allowed by subsection (a) shall be \$70 per month per eligible covered  
37 employee for the first 12 months of participation, \$50 per month per  
38 eligible covered employee for the next 12 months of participation and \$35  
39 per eligible covered employee for the next 12 months of participation.  
40 After 36 months of participation, no credit shall be allowed.

41 (c) If the credit allowed by this section is claimed, the amount of any  
42 deduction allowable under the Kansas income tax act for expenses  
43 described in this section shall be reduced by the dollar amount of the

1 credit. The election to claim the credit shall be made at the time of filing  
2 the tax return in accordance with law. If the credit allowed by this section  
3 exceeds the taxes imposed under the Kansas income tax act for the taxable  
4 year, that portion of the credit which exceeds those taxes shall be refunded  
5 to the taxpayer.

6 (d) Any amount of expenses paid by an employer under this act shall  
7 not be included as income to the employee for purposes of the Kansas  
8 income tax act. If such expenses have been included in federal taxable  
9 income of the employee, the amount included shall be subtracted in  
10 arriving at state taxable income under the Kansas income tax act.

11 (e) The secretary of revenue shall promulgate rules and regulations to  
12 carry out the provisions of this section.

13 (f) This section shall apply to all taxable years commencing after  
14 December 31, 1999.

15 (g) For tax year 2013 and all tax years thereafter, the income tax  
16 credit provided by this section shall only be available to taxpayers subject  
17 to the income tax on corporations imposed pursuant to ~~subsection (e) of~~  
18 K.S.A. 79-32,110(c), and amendments thereto, and shall be applied only  
19 against such taxpayer's corporate income tax liability.

20 Sec. 4. K.S.A. 2017 Supp. 65-6731 is hereby amended to read as  
21 follows: 65-6731. As used in K.S.A. 2017 Supp. 65-6731 through 65-  
22 6738, and amendments thereto:

23 (a) "Abortion" has the same meaning as such term is defined in  
24 K.S.A. 65-6701, and amendments thereto.

25 ~~(b) "Health benefit plan" means any hospital or medical expense~~  
26 ~~policy, health, hospital or medical services corporation contract, and a plan~~  
27 ~~provided by a municipal group-funded pool, or a health maintenance~~  
28 ~~organization contract offered by any employer or any certificate issued~~  
29 ~~under any such policy, contract or plan.~~

30 ~~(e)-(b)~~ (b) "Health care entity" means an individual physician or other  
31 health care professional, a hospital, a provider-sponsored organization, a  
32 health maintenance organization or any other health care facility or  
33 organization.

34 ~~(d)-(c)~~ (c) "School district" means any public school district organized  
35 under the laws of this state.

36 ~~(e)-(d)~~ (d) "State agency" has the same meaning as such term is defined  
37 in K.S.A. 75-3701, and amendments thereto.

38 Sec. 5. K.S.A. 2017 Supp. 65-6733 is hereby amended to read as  
39 follows: 65-6733. Except to the extent required by federal law:

40 (a) No moneys appropriated from the state general fund or from any  
41 special revenue fund shall be expended for any abortion;

42 ~~(b) no tax credit shall be allowed against any income tax, premium or~~  
43 ~~privilege tax liability and no exemption shall be granted from sales or~~

1 ~~compensating use tax for that portion of such amounts paid or incurred for~~  
2 ~~an abortion, or that portion of such amounts paid or incurred for a health~~  
3 ~~benefit plan, including premium assistance, for the purchase of an optional~~  
4 ~~rider for coverage of abortion in accordance with K.S.A. 2017 Supp. 40-~~  
5 ~~2,190, and amendments thereto;~~

6 ~~(e) in the case of any tax-preferred trust or account, the purpose of~~  
7 ~~which is to pay medical expenses of the account beneficiary, any amount~~  
8 ~~paid or distributed from such an account for an abortion shall be included~~  
9 ~~in the gross income of such beneficiary; and~~

10 ~~(d)-(b) no health care services provided by any state agency, or any~~  
11 ~~employee of a state agency while acting within the scope of such~~  
12 ~~employee's employment, shall include abortion, nor shall money~~  
13 ~~appropriated from the state general fund or from any special revenue fund~~  
14 ~~be used to pay for the lease or operation of any facility in which abortions~~  
15 ~~are performed.~~

16 Sec. 6. K.S.A. 2017 Supp. 79-32,117 is hereby amended to read as  
17 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
18 means such individual's federal adjusted gross income for the taxable year,  
19 with the modifications specified in this section.

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

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

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

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

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

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

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

24 (vii) The amount of any charitable contribution made to the extent the  
25 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
26 32,196, and amendments thereto.

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

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

38 (x) Amounts received as nonqualified withdrawals, as defined by  
39 K.S.A. 2017 Supp. 75-643, and amendments thereto, if, at the time of  
40 contribution to a family postsecondary education savings account, such  
41 amounts were subtracted from the federal adjusted gross income pursuant  
42 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts  
43 are not already included in the federal adjusted gross income.

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

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

11 (xiii) 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. 2017 Supp.  
14 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

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

19 (xv) The amount of any expenditures claimed for deduction in  
20 determining federal adjusted gross income, to the extent the same is  
21 claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp.  
22 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233  
23 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-  
24 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

25 (xvi) 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. 2017 Supp. 79-32,227, 79-  
28 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments  
29 thereto.

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

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

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

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

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

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

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

43 ~~(xxiv) For taxable years commencing after December 31, 2013, that~~

~~1 portion of the amount of any expenditure deduction claimed in  
2 determining federal adjusted gross income for expenses paid for medical  
3 care of the taxpayer or the taxpayer's spouse or dependents when such  
4 expenses were paid or incurred for an abortion, or for a health benefit plan,  
5 as defined in K.S.A. 2017 Supp. 65-6731, and amendments thereto, for the  
6 purchase of an optional rider for coverage of abortion in accordance with  
7 K.S.A. 2017 Supp. 40-2,190, and amendments thereto, to the extent that  
8 such taxes and assessments are claimed as an itemized deduction for  
9 federal income tax purposes.~~

~~10 (xxv) 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 by a taxpayer  
13 for health care when such expenses were paid or incurred for abortion  
14 coverage, a health benefit plan, as defined in K.S.A. 2017 Supp. 65-6731,  
15 and amendments thereto, when such expenses were paid or incurred for  
16 abortion coverage or amounts contributed to health savings accounts for  
17 such taxpayer's employees for the purchase of an optional rider for  
18 coverage of abortion in accordance with K.S.A. 2017 Supp. 40-2,190, and  
19 amendments thereto, to the extent that such taxes and assessments are  
20 claimed as a deduction for federal income tax purposes.~~

~~21 (c) There shall be subtracted from federal adjusted gross income:~~

~~22 (i) Interest or dividend income on obligations or securities of any  
23 authority, commission or instrumentality of the United States and its  
24 possessions less any related expenses directly incurred in the purchase of  
25 such obligations or securities, to the extent included in federal adjusted  
26 gross income but exempt from state income taxes under the laws of the  
27 United States.~~

~~28 (ii) Any amounts received which are included in federal adjusted  
29 gross income but which are specifically exempt from Kansas income  
30 taxation under the laws of the state of Kansas.~~

~~31 (iii) The portion of any gain or loss from the sale or other disposition  
32 of property having a higher adjusted basis for Kansas income tax purposes  
33 than for federal income tax purposes on the date such property was sold or  
34 disposed of in a transaction in which gain or loss was recognized for  
35 purposes of federal income tax that does not exceed such difference in  
36 basis, but if a gain is considered a long-term capital gain for federal  
37 income tax purposes, the modification shall be limited to that portion of  
38 such gain which is included in federal adjusted gross income.~~

~~39 (iv) The amount necessary to prevent the taxation under this act of  
40 any annuity or other amount of income or gain which was properly  
41 included in income or gain and was taxed under the laws of this state for a  
42 taxable year prior to the effective date of this act, as amended, to the  
43 taxpayer, or to a decedent by reason of whose death the taxpayer acquired~~



1 the right to receive the income or gain, or to a trust or estate from which  
2 the taxpayer received the income or gain.

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

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

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

15 (viii) Amounts received by retired railroad employees as a  
16 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and  
17 228c (a)(1) et seq.

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

23 (x) For taxable years beginning after December 31, 1976, the amount  
24 of the federal tentative jobs tax credit disallowance under the provisions of  
25 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the  
26 amount of the targeted jobs tax credit and work incentive credit  
27 disallowances under 26 U.S.C. § 280 C.

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

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

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

38 (xiv) For all taxable years commencing after December 31, 1996, that  
39 portion of any income of a bank organized under the laws of this state or  
40 any other state, a national banking association organized under the laws of  
41 the United States, an association organized under the savings and loan  
42 code of this state or any other state, or a federal savings association  
43 organized under the laws of the United States, for which an election as an

1 S corporation under subchapter S of the federal internal revenue code is in  
2 effect, which accrues to the taxpayer who is a stockholder of such  
3 corporation and which is not distributed to the stockholders as dividends of  
4 the corporation. For taxable years beginning after December 31, 2012, and  
5 ending before January 1, 2017, the amount of modification under this  
6 subsection shall exclude the portion of income or loss reported on schedule  
7 E and included on line 17 of the taxpayer's form 1040 federal individual  
8 income tax return.

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

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

32 (xvii) For all taxable years beginning after December 31, 2004,  
33 amounts received by taxpayers who are eligible members of the Kansas  
34 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
35 281, and amendments thereto, and amounts received for death benefits  
36 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section  
37 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and  
38 amendments thereto, to the extent that such death benefits are included in  
39 federal adjusted gross income of the taxpayer.

40 (xviii) For the taxable year beginning after December 31, 2006,  
41 amounts received as benefits under the federal social security act which  
42 are included in federal adjusted gross income of a taxpayer with federal  
43 adjusted gross income of \$50,000 or less, whether such taxpayer's filing

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

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

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

30 (xxi) For all taxable years beginning after December 31, 2013,  
31 amounts equal to the unreimbursed travel, lodging and medical  
32 expenditures directly incurred by a taxpayer while living, or a dependent  
33 of the taxpayer while living, for the donation of one or more human organs  
34 of the taxpayer, or a dependent of the taxpayer, to another person for  
35 human organ transplantation. The expenses may be claimed as a  
36 subtraction modification provided for in this section to the extent the  
37 expenses are not already subtracted from the taxpayer's federal adjusted  
38 gross income. In no circumstances shall the subtraction modification  
39 provided for in this section for any individual, or a dependent, exceed  
40 \$5,000. As used in this section, "human organ" means all or part of a liver,  
41 pancreas, kidney, intestine, lung or bone marrow. The provisions of this  
42 paragraph shall take effect on the day the secretary of revenue certifies to  
43 the director of the budget that the cost for the department of revenue of

1 modifications to the automated tax system for the purpose of  
2 implementing this paragraph will not exceed \$20,000.

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

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

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

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

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

32 (f) No taxpayer shall be assessed penalties and interest from the  
33 underpayment of taxes due to changes to this section that became law on  
34 July 1, 2017, so long as such underpayment is rectified on or before April  
35 17, 2018.

36 Sec. 7. K.S.A. 2017 Supp. 79-32,138 is hereby amended to read as  
37 follows: 79-32,138. (a) Kansas taxable income of a corporation taxable  
38 under this act shall be the corporation's federal taxable income for the  
39 taxable year with the modifications specified in this section.

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

1 (ii) the amount of all depreciation deductions claimed for any  
2 property upon which the deduction allowed by K.S.A. 2017 Supp. 79-  
3 32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-  
4 32,255 or 79-32,256, and amendments thereto, is claimed;

5 (iii) the amount of any charitable contribution deduction claimed for  
6 any contribution or gift to or for the use of any racially segregated  
7 educational institution;

8 ~~(iv) for taxable years commencing December 31, 2013, that portion~~  
9 ~~of the amount of any expenditure deduction claimed in determining federal~~  
10 ~~adjusted gross income for expenses paid by a taxpayer for health care~~  
11 ~~when such expenses were paid or incurred for abortion coverage, a health~~  
12 ~~benefit plan, as defined in K.S.A. 2017 Supp. 65-6731, and amendments~~  
13 ~~thereto, when such expenses were paid or incurred for abortion coverage~~  
14 ~~or amounts contributed to health savings accounts for such taxpayer's~~  
15 ~~employees for the purchase of an optional rider for coverage of abortion in~~  
16 ~~accordance with K.S.A. 2017 Supp. 40-2,190, and amendments thereto;~~

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

21 ~~(vi)~~ (v) the federal net operating loss deduction.

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

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

40 (iii) an amount for the amortization deduction allowed pursuant to  
41 K.S.A. 2017 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-  
42 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto;

43 (iv) for all taxable years commencing after December 31, 1987, the

1 amount included in federal taxable income pursuant to the provisions of  
2 section 78 of the internal revenue code; and

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

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

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

24 Sec. 8. K.S.A. 2017 Supp. 79-32,182b is hereby amended to read as  
25 follows: 79-32,182b. (a) For all taxable years commencing after December  
26 31, 2000, a credit shall be allowed against the tax imposed by the Kansas  
27 income tax act on the Kansas taxable income of a taxpayer for  
28 expenditures in research and development activities conducted within this  
29 state in an amount equal to  $6\frac{1}{2}\%$  of the amount by which the amount  
30 expended for such activities in the taxable year of the taxpayer exceeds the  
31 taxpayer's average of the actual expenditures for such purposes made in  
32 such taxable year and the next preceding two taxable years.

33 (b) In any one taxable year, the amount of such credit allowable for  
34 deduction from the taxpayer's tax liability shall not exceed 25% of the total  
35 amount of such credit plus any applicable carry forward amount. The  
36 amount by which that portion of the credit allowed by subsections (a) and  
37 (b) to be claimed in any one taxable year exceeds the taxpayer's tax  
38 liability in such year may be carried forward until the total amount of the  
39 credit is used.

40 (c) As used in this section, the term "expenditures in research and  
41 development activities" means expenditures made for such purposes, other  
42 than expenditures of moneys made available to the taxpayer pursuant to  
43 federal or state law, which are treated as expenses allowable for deduction

1 under the provisions of the federal internal revenue code of 1986, as  
2 amended, ~~except that for taxable years commencing after December 31,~~  
3 ~~2013, expenditures in research and development activities shall not include~~  
4 ~~any expenditures for the performance of any abortion, as defined in K.S.A.~~  
5 ~~65-6701, and amendments thereto.~~

6 (d) For tax year 2013 and all tax years thereafter, the income tax  
7 credit provided by this section shall only be available to taxpayers subject  
8 to the income tax on corporations imposed pursuant to ~~subsection (e) of~~  
9 K.S.A. 79-32,110(c), and amendments thereto, and shall be applied only  
10 against such taxpayer's corporate income tax liability.

11 Sec. 9. K.S.A. 2017 Supp. 79-32,195 is hereby amended to read as  
12 follows: 79-32,195. As used in this act, the following words and phrases  
13 shall have the meanings ascribed to them herein: (a) "Business firm"  
14 means any business entity authorized to do business in the state of Kansas  
15 which is subject to the state income tax imposed by the provisions of the  
16 Kansas income tax act, any individual subject to the state income tax  
17 imposed by the provisions of the Kansas income tax act, any national  
18 banking association, state bank, trust company or savings and loan  
19 association paying an annual tax on its net income pursuant to article 11 of  
20 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or  
21 any insurance company paying the premium tax and privilege fees  
22 imposed pursuant to K.S.A. 40-252, and amendments thereto;

23 (b) "Community services" means:

24 (1) The conduct of activities which meet a demonstrated community  
25 need and which are designed to achieve improved educational and social  
26 services for Kansas children and their families, and which are coordinated  
27 with communities including, but not limited to, social and human services  
28 organizations that address the causes of poverty through programs and  
29 services that assist low income persons in the areas of employment, food,  
30 housing, emergency assistance and health care;

31 (2) crime prevention;

32 (3) health care services; and

33 (4) youth apprenticeship and technical training.

34 (c) "Crime prevention" means any nongovernmental activity which  
35 aids in the prevention of crime.

36 (d) "Youth apprenticeship and technical training" means conduct of  
37 activities which are designed to improve the access to and quality of  
38 apprenticeship and technical training which support an emphasis on rural  
39 construction projects as well as the necessary equipment, facilities and  
40 supportive mentorship for youth apprenticeships and technical training.

41 (e) "Community service organization" means any organization  
42 performing community services in Kansas and which:

43 (1) Has obtained a ruling from the internal revenue service of the

1 United States department of the treasury that such organization is exempt  
2 from income taxation under the provisions of section 501(c)(3) of the  
3 federal internal revenue code; ~~or~~

4 (2) is incorporated in the state of Kansas or another state as a  
5 nonstock, nonprofit corporation; ~~or~~

6 (3) has been designated as a community development corporation by  
7 the United States government under the provisions of title VII of the  
8 economic opportunity act of 1964; or

9 (4) is chartered by the United States congress.

10 (f) "Contributions" shall mean and include the donation of cash,  
11 services or property other than used clothing in an amount or value of  
12 \$250 or more. Stocks and bonds contributed shall be valued at the stock  
13 market price on the date of transfer. Services contributed shall be valued at  
14 the standard billing rate for not-for-profit clients. Personal property items  
15 contributed shall be valued at the lesser of its fair market value or cost to  
16 the donor and may be inclusive of costs incurred in making the  
17 contribution, but shall not include sales tax. Contributions of real estate are  
18 allowable for credit only when title thereto is in fee simple absolute and is  
19 clear of any encumbrances. The amount of credit allowable shall be based  
20 upon the lesser of two current independent appraisals conducted by state  
21 licensed appraisers.

22 (g) "Health care services" shall include, but not be limited to, the  
23 following: Services provided by local health departments, city, county or  
24 district hospitals, city or county nursing homes, or other residential  
25 institutions, preventive health care services offered by a community  
26 service organization including immunizations, prenatal care, the  
27 postponement of entry into nursing homes by home health care services,  
28 and community based services for persons with a disability, mental health  
29 services, indigent health care, physician or health care worker recruitment,  
30 health education, emergency medical services, services provided by rural  
31 health clinics, integration of health care services, home health services and  
32 services provided by rural health networks; ~~except that for taxable years~~  
33 ~~commencing after December 31, 2013, health care services shall not~~  
34 ~~include any service involving the performance of any abortion, as defined~~  
35 ~~in K.S.A. 65-6701, and amendments thereto.~~

36 (h) "Rural community" means any city having a population of fewer  
37 than 15,000 located in a county that is not part of a standard metropolitan  
38 statistical area as defined by the United States department of commerce or  
39 its successor agency. However, any such city located in a county defined  
40 as a standard metropolitan statistical area shall be deemed a rural  
41 community if a substantial number of persons in such county derive their  
42 income from agriculture and, in any county where there is only one city  
43 within the county which has a population of more than 15,000 and which



1 classifies as a standard metropolitan statistical area, all other cities in that  
2 county having a population of less than 15,000 shall be deemed a rural  
3 community.

4 Sec. 10. K.S.A. 2017 Supp. 79-32,261 is hereby amended to read as  
5 follows: 79-32,261. (a) On and after July 1, 2008, any taxpayer who  
6 contributes in the manner prescribed by this section to a community  
7 college located in Kansas for capital improvements, to a technical college  
8 for deferred maintenance or the purchase of technology or equipment or to  
9 a postsecondary educational institution located in Kansas for deferred  
10 maintenance, shall be allowed a credit against the tax imposed by the  
11 Kansas income tax act, the premium tax or privilege fees imposed  
12 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as  
13 measured by net income of financial institutions imposed pursuant to  
14 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments  
15 thereto. The tax credit allowed by this section is applicable for the tax year  
16 2008 for any contributions made on and after July 1, 2008, and for the tax  
17 years 2009, 2010, 2011 and 2012 for any contributions made during the  
18 entire tax year. The amount of the credit allowed by this section shall not  
19 exceed 60% of the total amount contributed during the taxable year by the  
20 taxpayer to a community college or a technical college located in Kansas  
21 for such purposes. The amount of the credit allowed by this section shall  
22 not exceed 50% of the total amount contributed during the taxable year by  
23 the taxpayer to a postsecondary educational institution for such purposes.  
24 If the amount of the credit allowed by this section for a taxpayer who  
25 contributes to a community college or a technical college exceeds the  
26 taxpayer's income tax liability imposed by the Kansas income tax act, such  
27 excess amount shall be refunded to the taxpayer. If the amount of the tax  
28 credit for a taxpayer who contributes to a postsecondary educational  
29 institution exceeds the taxpayer's income tax liability for the taxable year,  
30 the amount which exceeds the tax liability may be carried over for  
31 deduction from the taxpayer's income tax liability in the next succeeding  
32 taxable year or years until the total amount of the tax credit has been  
33 deducted from tax liability, except that no such tax credit shall be carried  
34 over for deduction after the third taxable year succeeding the taxable year  
35 in which the contribution is made. Prior to the issuance of any tax credits  
36 pursuant to this section, the structure of the process in which contributions  
37 received by a community college, a technical college or a postsecondary  
38 educational institution qualify as tax credits allowed and issued pursuant to  
39 this section shall be developed by a community college, a technical college  
40 and a postsecondary educational institution in consultation with the  
41 secretary of revenue and the foundation or endowment association of any  
42 such community college, technical college or postsecondary educational  
43 institution in a manner that complies with requirements specified in the

1 federal internal revenue code of 1986, as amended, so that contributions  
2 qualify as charitable contributions allowable as deductions from federal  
3 adjusted gross income.

4 (b) (1) Upon receipt of any such contributions to a community  
5 college made pursuant to the provisions of this section, the treasurer of the  
6 community college shall deposit such contributions to the credit of the  
7 capital outlay fund of such community college established as provided by  
8 K.S.A. 71-501a, and amendments thereto. Expenditures from such fund  
9 shall be made for the purposes described in ~~subsection (a) of~~ K.S.A. 71-  
10 501(a), and amendments thereto, except that expenditures shall not be  
11 made from such fund for new construction or the acquisition of real  
12 property for use as building sites or for educational programs.

13 (2) Upon receipt of any such contributions to a technical college  
14 made pursuant to the provisions of this section, such contributions shall be  
15 deposited to the credit of a deferred maintenance fund or a technology and  
16 equipment fund established by the technical college which received the  
17 contribution. Expenditures from such fund shall be made only for the  
18 purpose as provided in this subsection.

19 (3) Upon receipt of any such contributions to a postsecondary  
20 educational institution made pursuant to the provisions of this section,  
21 such contributions shall be deposited to the credit of the appropriate  
22 deferred maintenance support fund of the postsecondary educational  
23 institution which received the contribution. Expenditures from such fund  
24 shall be made only for the purposes designated for such fund pursuant to  
25 law.

26 (c) (1) In no event shall the total amount of credits allowed under this  
27 section for taxpayers who contribute to any one such community college  
28 or technical college exceed the following amounts: For the tax year 2008,  
29 an amount not to exceed \$78,125; for the tax year 2009, an amount not to  
30 exceed \$156,250; and for the tax years 2010, 2011 and 2012, an amount  
31 not to exceed \$208,233.33.

32 (2) In no event shall the total of credits allowed under this section for  
33 taxpayers who contribute to postsecondary educational institutions exceed  
34 the following amounts: For the tax year 2008, an amount not to exceed  
35 \$5,625,000; for the tax year 2009, an amount not to exceed \$11,250,000;  
36 and for the tax years 2010, 2011 and 2012, an amount not to exceed  
37 \$15,000,000. Except as otherwise provided, the allocation of such tax  
38 credits for each individual state educational institution shall be determined  
39 by the state board of regents in consultation with the secretary of revenue  
40 and the university foundation or endowment association of each  
41 postsecondary educational institution, and such determination shall be  
42 completed prior to the issuance of any tax credits pursuant to this section.  
43 Not more than 40% of the total of credits allowed under this section shall

1 be allocated to any one postsecondary educational institution unless all  
2 such postsecondary educational institutions approve an allocation to any  
3 one such postsecondary educational institution which exceeds 40% of the  
4 total of such credits allowed under this section.

5 (d) As used in this section: (1) "Community college" means a  
6 community college established under the provisions of the community  
7 college act;

8 (2) "deferred maintenance" means the maintenance, repair,  
9 reconstruction or rehabilitation of a building located at a technical college  
10 or a postsecondary educational institution which has been deferred, any  
11 utility systems relating to such building, any life-safety upgrades to such  
12 building and any improvements necessary to be made to such building in  
13 order to comply with the requirements of the Americans with disabilities  
14 act or other federal or state law, ~~except that for taxable years commencing~~  
15 ~~after December 31, 2013, deferred maintenance shall not include any~~  
16 ~~maintenance, repair, reconstruction or rehabilitation of any building in~~  
17 ~~which any abortion, as defined in K.S.A. 65-6701, and amendments~~  
18 ~~thereto, is performed;~~

19 (3) "postsecondary educational institution" means the university of  
20 Kansas, Kansas state university of agriculture and applied science, Wichita  
21 state university, Emporia state university, Pittsburg state university, Fort  
22 Hays state university and Washburn university of Topeka; and

23 (4) "technical college" means a technical college as designated  
24 pursuant to K.S.A. 72-4472, 72-4473, 72-4474, 72-4475 and 72-4477, and  
25 amendments thereto.

26 (e) Any taxpayer not subject to Kansas income, privilege or  
27 premiums tax who contributes to a community college, technical college  
28 or postsecondary educational institution, hereinafter designated the  
29 transferor, may sell, assign, convey or otherwise transfer tax credits  
30 allowed and earned pursuant to this section. The sale price of a tax credit  
31 shall be at least 50% of the full value of the credit. Such credit shall be  
32 deemed to be allowed and earned by any such taxpayer which is only  
33 disqualified therefrom by reason of not being subject to such Kansas taxes.  
34 The taxpayer acquiring earned credits, hereinafter designated the  
35 transferee, may use the amount of the acquired credits to offset up to 100%  
36 of the taxpayer's income, privilege or premiums tax liability for the taxable  
37 year in which such acquisition was made. Such credits may be sold or  
38 transferred only one time and, if sold or transferred, shall be transferred in  
39 the tax year such credit is earned or the two successive tax years. A  
40 transferred credit shall be claimed in the year purchased. The transferor  
41 shall enter into a written agreement with the transferee establishing the  
42 terms and conditions of the sale or transfer and shall perfect such transfer  
43 by notifying the secretary of revenue in writing within 30 calendar days

1 following the effective date of the transfer, subject to the review and  
2 approval or denial of such transfer by the secretary of revenue. The  
3 transferor and transferee shall provide any information pertaining to the  
4 sale or transfer as may be required by the secretary of revenue to  
5 administer and carry out the provisions of this section. The amount  
6 received by the transferor of such tax credit shall be taxable as income of  
7 the transferor, and the excess of the value of such credit over the amount  
8 paid by the transferee for such credit shall be taxable as income of the  
9 transferee.

10 (f) The secretary of revenue shall submit an annual report to the  
11 legislature to assist the legislature in the evaluation of the utilization of any  
12 credits claimed pursuant to this act, including information specific as to  
13 each community college, technical college or postsecondary educational  
14 institution. Such report shall be due on or before the first day of the  
15 legislative session following the tax year in which the credits were  
16 claimed.

17 (g) The secretary of revenue shall adopt rules and regulations  
18 necessary to administer the provisions of this section.

19 Sec. 11. K.S.A. 2017 Supp. 40-2,103, 40-2,190, 40-2,191, 40-19c09,  
20 40-2246, 65-6731, 65-6733, 79-32,117, 79-32,138, 79-32,182b, 79-32,195  
21 and 79-32,261 are hereby repealed.

22 Sec. 12. This act shall take effect and be in force from and after its  
23 publication in the statute book.