

Senate Substitute for HOUSE BILL No. 2416

By Committee on Assessment and Taxation

3-22

1 AN ACT concerning adoption; relating to the expenses thereof; enacting
2 the adoption savings account act; allowing individuals to establish
3 adoption savings accounts with certain financial institutions; providing
4 eligible expenses, requirements and restrictions for such accounts;
5 requiring the secretary of revenue to adopt certain rules and
6 regulations; granting nonexclusive marketing authority to the state
7 treasurer; establishing addition and subtraction modifications for
8 contributions to such accounts under the Kansas income tax act;
9 amending K.S.A. 2023 Supp. 79-32,117 and repealing the existing
10 section.

11

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

13 New Section 1. The provisions of sections 1 through 7, and
14 amendments thereto, shall be known and may be cited as the adoption
15 savings account act.

16 New Sec. 2. As used in this act:

17 (a) "Act" means the adoption savings account act.

18 (b) "Account" or "adoption savings account" means an individual
19 savings account established in accordance with the provisions of this act.

20 (c) "Account holder" means an individual who establishes an account
21 that is designated as an adoption savings account pursuant to the
22 provisions of section 3, and amendments thereto, with a financial
23 institution.

24 (d) "Designated beneficiary" means the individual designated by an
25 account holder pursuant to the provisions of section 3, and amendments
26 thereto, as the individual whose eligible expenses are expected to be paid
27 from the account for the adoption of a child.

28 (e) "Eligible expenses" means:

29 (1) Reasonable fees for legal and other professional services rendered
30 in connection with an adoption or placement for adoption not to exceed
31 customary fees for similar services by professionals of equivalent
32 experience and reputation where the services are performed;

33 (2) reasonable fees of a licensed child-placing agency;

34 (3) actual and necessary expenses incidental to the adoption or
35 placement proceeding;

36 (4) actual medical expenses of the mother attributable to pregnancy

1 and birth;

2 (5) actual medical expenses of the child; and

3 (6) reasonable living expenses of the mother that are incurred during
4 or as a result of the pregnancy.

5 (f) "Financial institution" means any state or federally chartered bank,
6 trust company, savings and loan association or credit union that is:

7 (1) Authorized to do business in this state; and

8 (2) insured by the federal deposit insurance corporation or the
9 national credit union administration.

10 (g) "Secretary" means the secretary of revenue.

11 New Sec. 3. (a) On and after July 1, 2025, any individual may open
12 an account with a financial institution and designate the account, in its
13 entirety, as an adoption savings account to be used to pay or reimburse a
14 designated beneficiary's eligible expenses for the adoption of a child. An
15 individual may be the account holder of multiple accounts and an
16 individual may jointly own the account with another individual if such
17 individuals file a joint income tax return. An account holder shall comply
18 with the requirements of this act to be eligible for the modifications set
19 forth in K.S.A. 79-32,117, and amendments thereto.

20 (b) (1) An account holder shall designate, not later than April 15 of
21 the year following the taxable year during which the account is
22 established, a prospective adoptive parent as the designated beneficiary of
23 the account. Nothing in this section shall prohibit an account holder from
24 designating such account holder as the designated beneficiary of an
25 account. An account holder may change the designated beneficiary at any
26 time, but no account shall have more than one designated beneficiary at
27 any time. An individual may be designated as the designated beneficiary of
28 more than one account if such accounts are held by separate account
29 holders. No account holder shall be authorized to designate the same
30 designated beneficiary on multiple accounts held by such account owner,
31 except when opening certificates of deposit.

32 (2) The naming of a designated beneficiary shall not create a
33 survivorship interest in the account for such designated beneficiary. In the
34 event of the death of an account holder, the balance of such account shall
35 be paid to the payable on death beneficiary in accordance with K.S.A. 9-
36 1215, and amendments thereto, or, in the absence of a named payable on
37 death beneficiary, in accordance with the provisions of the Kansas probate
38 code.

39 (c) (1) The following limits apply to an account established pursuant
40 to this act:

41 (A) The maximum contribution to an account in any tax year shall be
42 \$6,000 for an individual and \$12,000 for a married couple filing a joint
43 return;

1 (B) the maximum amount of all contributions into an account in all
2 tax years shall be \$48,000 for an individual and \$96,000 for a married
3 couple filing a joint return; and

4 (C) the maximum total amount in an account shall be \$100,000.

5 (2) If a limit in paragraph (1) is exceeded, then thereafter all interest
6 or other income earned on the investment of moneys in an account shall be
7 subject to the tax imposed by the Kansas income tax act.

8 (3) Moneys may remain in an account for an unlimited duration
9 without the interest or income being subject to recapture or penalty.

10 (d) The account holder shall not use moneys in an account to pay
11 expenses of administering the account, except that a service fee may be
12 deducted from the account by a financial institution. The account holder
13 shall be responsible for maintaining documentation for the account and for
14 eligible expenses related to the designated beneficiary's adoption of a
15 child.

16 New Sec. 4. (a) The moneys in an adoption savings account may be:

17 (1) Used for eligible expenses related to a designated beneficiary's
18 adoption of a child;

19 (2) used for eligible expenses that would have qualified pursuant to
20 paragraph (1) but the adoption was not completed;

21 (3) transferred to another newly created account;

22 (4) invested in certificates of deposit opened and designated as
23 adoption savings accounts; and

24 (5) used to pay service fees assessed by the financial institution.

25 (b) Moneys withdrawn from an account shall be subject to recapture
26 by the secretary in the tax year in which they were withdrawn if:

27 (1) At the time of the withdrawal, it has been less than a year since
28 the first deposit in the account; or

29 (2) the moneys are used for any purpose other than the expenses or
30 transactions authorized pursuant to subsection (a)(1).

31 (c) Moneys that are subject to recapture shall be an amount equal to
32 the moneys withdrawn from an account and shall be added to the Kansas
33 adjusted gross income pursuant to K.S.A. 79-32,117(b), and amendments
34 thereto, of the account holder or, if the account holder is no longer living,
35 the designated beneficiary. If any moneys are subject to recapture, the
36 account holder shall pay a penalty in the following amounts:

37 (1) If the withdrawal of moneys occurred 10 or less years after the
38 first deposit in the account, 5% of the amount subject to recapture; and

39 (2) if the withdrawal of moneys occurred more than 10 years after the
40 first deposit in the account, 10% of the amount subject to recapture.

41 (d) The penalties provided in subsection (c) shall not apply if the
42 withdrawn moneys are from an account after the death of the designated
43 beneficiary, and the account holder did not designate a new designated

1 beneficiary during the same tax year.

2 (e) If the account holder dies or, if the account is jointly owned and
3 the account owners die, and the account does not have a surviving payable
4 on death beneficiary, then all of the moneys in the account resulting from
5 contributions or income earned from assets in the account shall be subject
6 to recapture in the tax year of the death or deaths pursuant to K.S.A. 79-
7 32,117, and amendments thereto, but no penalty shall be assessed pursuant
8 to subsection (c).

9 New Sec. 5. (a) The secretary shall establish forms for an account
10 holder to annually report information about any accounts held by such
11 account holder. An account holder shall annually file with the account
12 holder's state income tax return all forms required by the secretary under
13 this section, the form 1099 for the account issued by the financial
14 institution and any other supporting documentation the secretary requires.

15 (b) Prior to July 1, 2025, the secretary shall adopt rules and
16 regulations necessary to administer the provisions of this act.

17 New Sec. 6. (a) No financial institution shall be required to:

18 (1) Designate an account as an adoption savings account or designate
19 the beneficiaries of an account in the financial institution's account
20 contracts or systems or in any other way;

21 (2) track the use of moneys withdrawn from an account; or

22 (3) report any information to the department of revenue or any other
23 governmental agency that is not otherwise required by law.

24 (b) No financial institution shall be responsible or liable for:

25 (1) Determining or ensuring that an account holder is eligible for a
26 Kansas adjusted gross income modification pursuant to K.S.A. 79-32,117,
27 and amendments thereto;

28 (2) determining or ensuring that moneys in the account are used for
29 eligible expenses; or

30 (3) reporting or remitting taxes or penalties related to the use of
31 account moneys.

32 (c) A financial institution may rely on such financial institution's
33 account records for determining a payable on death beneficiary for an
34 adoption savings account. If the payable on death beneficiary in a financial
35 institution's account records conflicts with the designated beneficiary on
36 any form required by the secretary pursuant to this act, the payable on
37 death beneficiary in such financial institution's account records shall
38 control.

39 New Sec. 7. The state treasurer may have nonexclusive authority to
40 market the adoption savings account program to account holders and
41 financial institutions throughout the state and may report on the marketing
42 initiatives in the state treasurer's office annual report.

43 Sec. 8. K.S.A. 2023 Supp. 79-32,117 is hereby amended to read as

1 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
2 means such individual's federal adjusted gross income for the taxable year,
3 with the modifications specified in this section.

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

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

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

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

28 (iv) Federal income tax refunds received by the taxpayer if the
29 deduction of the taxes being refunded resulted in a tax benefit for Kansas
30 income tax purposes during a prior taxable year. Such refunds shall be
31 included in income in the year actually received regardless of the method
32 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
33 be deemed to have resulted if the amount of the tax had been deducted in
34 determining income subject to a Kansas income tax for a prior year
35 regardless of the rate of taxation applied in such prior year to the Kansas
36 taxable income, but only that portion of the refund shall be included as
37 bears the same proportion to the total refund received as the federal taxes
38 deducted in the year to which such refund is attributable bears to the total
39 federal income taxes paid for such year. For purposes of the foregoing
40 sentence, federal taxes shall be considered to have been deducted only to
41 the extent such deduction does not reduce Kansas taxable income below
42 zero.

43 (v) The amount of any depreciation deduction or business expense

1 deduction claimed on the taxpayer's federal income tax return for any
2 capital expenditure in making any building or facility accessible to the
3 handicapped, for which expenditure the taxpayer claimed the credit
4 allowed by K.S.A. 79-32,177, and amendments thereto.

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

8 (vii) The amount of any charitable contribution made to the extent the
9 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
10 32,196, and amendments thereto.

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

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

21 (x) Amounts received as nonqualified withdrawals, as defined by
22 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
23 family postsecondary education savings account, such amounts were
24 subtracted from the federal adjusted gross income pursuant to subsection
25 (c)(xv) or if such amounts are not already included in the federal adjusted
26 gross income.

27 (xi) The amount of any contribution made to the same extent the
28 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
29 50,154, and amendments thereto.

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

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

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

1 thereto.

2 (xv) 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. 79-32,223
5 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
6 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
7 32,251 through 79-32,254, and amendments thereto.

8 (xvi) The amount of any amortization deduction claimed in
9 determining federal adjusted gross income to the extent the same is
10 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
11 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

16 (xviii) For taxable years commencing after December 31, 2006, the
17 amount of any ad valorem or property taxes and assessments paid to a state
18 other than Kansas or local government located in a state other than Kansas
19 by a taxpayer who resides in a state other than Kansas, when the law of
20 such state does not allow a resident of Kansas who earns income in such
21 other state to claim a deduction for ad valorem or property taxes or
22 assessments paid to a political subdivision of the state of Kansas in
23 determining taxable income for income tax purposes in such other state,
24 to the extent that such taxes and assessments are claimed as an itemized
25 deduction for federal income tax purposes.

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

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

9 (xxi) For taxable years beginning after December 31, 2012, and
10 ending before January 1, 2017, the amount of any deduction for pension,
11 profit sharing, and annuity plans of self-employed individuals under
12 section 62(a)(6) of the federal internal revenue code as in effect on January
13 1, 2012, and amendments thereto, in determining the federal adjusted gross
14 income of an individual taxpayer.

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

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

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

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

1 amendments thereto, to the extent that such taxes and assessments are
2 claimed as a deduction for federal income tax purposes.

3 (xxvi) For all taxable years beginning after December 31, 2016, the
4 amount of any charitable contribution made to the extent the same is
5 claimed as the basis for the credit allowed pursuant to K.S.A. 72-4357, and
6 amendments thereto, and is also claimed as an itemized deduction for
7 federal income tax purposes.

8 (xxvii) For all taxable years commencing after December 31, 2020,
9 the amount deducted by reason of a carryforward of disallowed business
10 interest pursuant to section 163(j) of the federal internal revenue code of
11 1986, as in effect on January 1, 2018.

12 (xxviii) For all taxable years beginning after December 31, 2021, the
13 amount of any contributions to, or earnings from, a first-time home buyer
14 savings account if distributions from the account were not used to pay for
15 expenses or transactions authorized pursuant to K.S.A. 2023 Supp. 58-
16 4904, and amendments thereto, or were not held for the minimum length
17 of time required pursuant to K.S.A. 2023 Supp. 58-4904, and amendments
18 thereto. Contributions to, or earnings from, such account shall also include
19 any amount resulting from the account holder not designating a surviving
20 payable on death beneficiary pursuant to K.S.A. 2023 Supp. 58-4904(e),
21 and amendments thereto.

22 (xxix) *For all taxable years beginning after December 31, 2024, the*
23 *amount of any contributions to, or earnings from, an adoption savings*
24 *account if distributions from the account were not used to pay for expenses*
25 *or transactions authorized pursuant to section 4, and amendments thereto,*
26 *or were not held for the minimum length of time required pursuant to*
27 *section 4, and amendments thereto. Contributions to, or earnings from,*
28 *such account shall also include any amount resulting from the account*
29 *holder not designating a surviving payable on death beneficiary pursuant*
30 *to section 4(e), and amendments thereto.*

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. § 280C. 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. § 280C.

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. 74-50,201 et seq., and
4 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 taxable years beginning after December 31, 2012, and
15 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, 2017, the
20 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
21 filing a joint return, for each designated beneficiary that are contributed to:
22 (1) A family postsecondary education savings account established under
23 the 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; or (2) an achieving a
28 better life experience (ABLE) account established under the Kansas ABLE
29 savings program or a qualified ABLE program established and maintained
30 by another state or agency or instrumentality thereof pursuant to section
31 529A of the internal revenue code of 1986, as amended, for the purpose of
32 saving private funds to support an individual with a disability. The terms
33 and phrases used in this paragraph shall have the meaning respectively
34 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
35 amendments thereto, and the provisions of such sections are hereby
36 incorporated by reference for all purposes thereof.

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

1 incurred by or obligated to such taxpayer and received by such taxpayer as
2 a result of such taxpayer's service in the armed forces of the United States,
3 including service in the Kansas army and air national guard.

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

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

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

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

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

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

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

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

37 (xxv) For all taxable years commencing after December 31, 2020,
38 100% of global intangible low-taxed income under section 951A of the
39 federal internal revenue code of 1986, before any deductions allowed
40 under section 250(a)(1)(B) of such code.

41 (xxvi) For all taxable years commencing after December 31, 2020,
42 the amount disallowed as a deduction pursuant to section 163(j) of the
43 federal internal revenue code of 1986, as in effect on January 1, 2018.

1 (xxvii) For taxable years commencing after December 31, 2020, the
2 amount disallowed as a deduction pursuant to section 274 of the federal
3 internal revenue code of 1986 for meal expenditures shall be allowed to
4 the extent such expense was deductible for determining federal income tax
5 and was allowed and in effect on December 31, 2017.

6 (xxviii) For all taxable years beginning after December 31, 2021: (1)
7 The amount contributed to a first-time home buyer savings account
8 pursuant to K.S.A. 2023 Supp. 58-4903, and amendments thereto, in an
9 amount not to exceed \$3,000 for an individual or \$6,000 for a married
10 couple filing a joint return; or (2) amounts received as income earned from
11 assets in a first-time home buyer savings account.

12 (xxix) *For all taxable years beginning after December 31, 2024: (1)*
13 *The amount contributed to an adoption savings account pursuant to*
14 *section 3, and amendments thereto, in an amount not to exceed \$6,000 for*
15 *an individual or \$12,000 for a married couple filing a joint return; or (2)*
16 *amounts received as income earned from assets in an adoption savings*
17 *account.*

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

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

27 Sec. 9. K.S.A. 2023 Supp. 79-32,117 is hereby repealed.

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