

HOUSE BILL No. 2434

By Committee on Federal and State Affairs

3-16

1 AN ACT concerning employment; prohibiting the employment of
2 unauthorized aliens by business entities and public employers;
3 requiring use and registration of the e-verify program; prohibiting the
4 deduction of certain wages and remuneration of payments to
5 unauthorized aliens; amending K.S.A. 79-32,117 and repealing the
6 existing section.
7

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

9 New Section 1. For the purposes of sections 1 through 4, and
10 amendments thereto:

11 (a) "Alien" means the same as provided in 8 U.S.C. § 1101.

12 (b) "Employee" means any person directed, allowed or permitted to
13 perform labor or service of any kind by an employer, with the exception of
14 casual domestic labor hired to work in or around an individual's personal
15 place of residence. The employees of an independent contractor working
16 for a business entity shall not be regarded as the employees of the business
17 entity for the purposes of this section.

18 (c) "Business entity" means any person or group of persons
19 performing or engaging in any activity, enterprise, profession or
20 occupation for gain, benefit, advantage or livelihood, whether for-profit or
21 not-for-profit. "Business entity" includes, but is not limited to:

22 (1) Self-employed individuals, business entities filing articles of
23 incorporation, partnerships, limited partnerships, limited liability
24 companies, foreign corporations, foreign limited partnerships, foreign
25 limited liability companies authorized to transact business in this state,
26 business trusts and any business entity that registers with the secretary of
27 state; and

28 (2) any business entity that possesses a business license, permit,
29 certificate, approval, registration, charter or similar form of authorization
30 issued by the state, any business entity that is exempt by law from
31 obtaining such a business license and any business entity that is operating
32 unlawfully without such a business license.

33 (d) "Public employer" means any department, agency, political
34 subdivision or instrumentality of the state.

35 (e) "Unauthorized alien" means an alien who does not have the legal
36 right or authorization under federal law to work in the United States as

1 described in 8 U.S.C. § 1324a(h)(3).

2 (f) "E-verify" means the electronic verification of federal
3 employment authorization program, or its successor program, used to
4 compare information from form I-9 to governmental records to confirm
5 that an employee is authorized to work in the United States pursuant to 8
6 U.S.C. § 1324(a) and that is operated by the United States department of
7 homeland security and the social security administration.

8 New Sec. 2. (a) It is unlawful for an employer to knowingly hire or to
9 recruit or refer for a fee an unauthorized alien for employment in this state.
10 It shall be a violation of this section for an employer to:

11 (1) Use a contract, subcontract or other independent contractor
12 agreement to obtain the labor of an unauthorized alien in this state; or

13 (2) knowingly contract with an unauthorized alien or with a person
14 who employs or contracts with an unauthorized alien to perform the labor.

15 (b) The provisions of this section may be enforced in the courts of
16 this state by any county or district attorney or by the attorney general.

17 (c) (1) The attorney general shall develop a complaint form for a
18 person to allege a violation of subsection (a). The complainant shall not be
19 required to list the complainant's social security number on the complaint
20 form or to have the complaint form notarized. On receipt of a complaint on
21 such complaint form that an employer has allegedly knowingly employed
22 an unauthorized alien, the county or district attorney or attorney general
23 shall investigate whether the business entity has violated the provisions of
24 subsection (a). If a complaint is received but is not submitted on a
25 complaint form developed by the attorney general, the county or district
26 attorney or attorney general may investigate whether the employer has
27 violated the provisions of subsection (a). This subsection shall not be
28 construed to prohibit the filing of anonymous complaints that are not
29 submitted on a complaint form developed by the attorney general.

30 (2) The county or district attorney or attorney general shall not
31 investigate complaints that are based solely on race, color or national
32 origin. A complaint that is submitted to the attorney general or the county
33 or district attorney shall be submitted to the county attorney in the county
34 in which the alleged unauthorized alien is, or was previously, employed by
35 the business entity. The county sheriff or any other local law enforcement
36 agency may assist in investigating a complaint. When investigating a
37 complaint, the county or district attorney or attorney general shall verify
38 the work authorization of the alleged unauthorized alien with the federal
39 government pursuant to 8 U.S.C. § 1373(c).

40 (3) A person who knowingly files a false and frivolous complaint
41 under this subsection is guilty of a class C misdemeanor.

42 (d) If the county or district attorney or attorney general elects to bring
43 an action to enforce this section, the county or district attorney or attorney

1 general shall notify the United States immigration and customs
2 enforcement. The county or district attorney or attorney general shall not
3 bring an action against any business entity for a violation that occurs
4 before January 1, 2022.

5 (e) (1) If a business entity violates the provisions of this section, the
6 court shall order the business entity to terminate the employment of all
7 unauthorized aliens and to file a signed affidavit with the relevant county
8 or district attorney within three business days. The affidavit shall state that
9 the business entity has terminated the employment of all unauthorized
10 aliens in this state and that the business entity will not intentionally or
11 knowingly employ an unauthorized alien in this state. If the business entity
12 fails to file a signed affidavit with the county or district attorney within
13 three business days, the court shall order the suspension of all licenses that
14 are held by the business entity until the business entity files such signed
15 affidavit with the county or district attorney.

16 (2) (A) For a first violation of this section, the court shall order the
17 suspension of all licenses issued by the state or any subdivision of the state
18 that are held by the business entity for at least one day but not more than
19 30 days.

20 (B) For a second violation of this section, the court shall order the
21 suspension of all licenses that are held by the business entity for at least 30
22 days but not more than one year.

23 (C) For a third violation of this section, the court shall order the
24 permanent suspension of all licenses that are held by the business entity
25 and the revocation of the business entity's registration as a corporation,
26 limited liability company or limited partnership in this state, if applicable.

27 (f) (1) In enforcing the provisions of this section, no state, county or
28 local official in this state shall attempt to independently determine whether
29 an individual is an unauthorized alien or an alien not lawfully present in
30 the United States. Such determination shall only be made by verifying the
31 alien's immigration status with the federal government pursuant to 8
32 U.S.C. § 1373(c).

33 (2) When making a determination of whether an employee is an
34 unauthorized alien, a court shall only consider the federal government's
35 determination pursuant to 8 U.S.C. § 1373(c). The court shall take judicial
36 notice of any verification of the immigration status previously provided by
37 the federal government. The court may, and at the request of a party shall,
38 request the federal government to provide a new verification of the
39 immigration status of the employee pursuant to 8 U.S.C. § 1373(c). The
40 most recent determination of the immigration status of an employee by the
41 federal government shall create a rebuttable presumption as to the
42 employee's immigration status.

43 (g) A business entity that has complied in good faith with:

1 (1) This section through enrollment in e-verify and that has used e-
 2 verify to confirm the employment authorization of any employee in
 3 question shall have a rebuttable presumption that the business entity did
 4 not knowingly employ an unauthorized alien; and

5 (2) the requirements of 8 U.S.C. § 1324a(b) shall have an affirmative
 6 defense that the business entity did not knowingly employ an unauthorized
 7 alien.

8 New Sec. 3. (a) (1) On and after January 1, 2022, every business
 9 entity doing business within this state that employs one or more employees
 10 shall register with and utilize e-verify to verify the employment
 11 authorization of all new employees. The business entity shall retain all
 12 documentation received in connection with its participation in e-verify that
 13 verifies the employment authorization of every employee verified through
 14 e-verify for at least three years after the end of an employee's employment
 15 with such business entity. Upon request, this documentation shall be
 16 provided to any county or district attorney or the attorney general. The
 17 provisions of this section may be enforced in the courts of this state by any
 18 county or district attorney or the attorney general.

19 (2) Upon a finding of a violation of this subsection by a business
 20 entity, the court shall order the suspension of all licenses issued by the
 21 state or any subdivision of the state that are held by the business entity for
 22 at least 10 days but not more than one year.

23 (b) Prior to September 1, 2021, every public employer in this state
 24 shall register with and utilize e-verify to verify the employment
 25 authorization of all new employees.

26 (c) On and after September 1, 2021, no public employer shall enter
 27 into a contract for the performance of services within this state unless the
 28 contractor registers and participates in e-verify to verify the employment
 29 authorization of all new employees. This subsection shall not apply to any
 30 contracts entered into prior to September 1, 2021.

31 New Sec. 4. (a) All business entities shall annually submit a signed
 32 affidavit to the secretary of revenue that states:

33 (1) Whether the business entity:

34 (A) Utilized a business expense or business loss deduction in
 35 determining federal adjusted gross income;

36 (B) employed any employees or independent contractors for the tax
 37 year in question and the number of such employees or contractors;

38 (C) is enrolled in and is actively participating in e-verify;

39 (D) has used e-verify to confirm the employment authorization of
 40 every employee hired on or after January 1, 2022; and

41 (E) has confirmed that any independent contractor paid by the
 42 business entity is an independent contractor who is registered with and
 43 utilizing e-verify to verify the employment authorization of all new

1 employees; and

2 (2) the business entity's identification number signifying the
3 employer's enrollment in e-verify.

4 (b) The secretary of revenue may audit any business entity that:

5 (1) Fails to timely submit an affidavit required by this subsection; or

6 (2) the secretary has probable cause to believe is out of compliance
7 with this section.

8 (c) If the secretary of revenue determines that a business entity has
9 knowingly made material misrepresentations of fact regarding information
10 contained in the affidavit, the business entity shall be required to add back
11 business deductions taken, to the extent such deductions constitute wages
12 or remuneration paid to employees whose employment authorization was
13 not verified using e-verify, in determining the business entity's adjusted
14 gross income used to calculate the business entity's state tax liability.

15 Sec. 5. K.S.A. 79-32,117 is hereby amended to read as follows: 79-
16 32,117. (a) The Kansas adjusted gross income of an individual means such
17 individual's federal adjusted gross income for the taxable year, with the
18 modifications specified in this section.

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

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

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

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

43 (iv) Federal income tax refunds received by the taxpayer if the

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

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

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

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

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

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

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

42 (xi) The amount of any contribution made to the same extent the
43 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-

1 50,154, and amendments thereto.

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

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

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

17 (xv) The amount of any expenditures claimed for deduction in
18 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. 79-32,223
20 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
21 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
22 32,251 through 79-32,254, and amendments thereto.

23 (xvi) The amount of any amortization deduction claimed in
24 determining federal adjusted gross income to the extent the same is
25 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
26 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

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

41 (xix) For taxable years beginning after December 31, 2012, and
42 ending before January 1, 2017, the amount of any: (1) Loss from business
43 as determined under the federal internal revenue code and reported from

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

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

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

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

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

40 (xxiv) For taxable years commencing after December 31, 2013, that
41 portion of the amount of any expenditure deduction claimed in
42 determining federal adjusted gross income for expenses paid for medical
43 care of the taxpayer or the taxpayer's spouse or dependents when such

1 expenses were paid or incurred for an abortion, or for a health benefit plan,
2 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
3 an optional rider for coverage of abortion in accordance with K.S.A. 2020
4 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and
5 assessments are claimed as an itemized deduction for federal income tax
6 purposes.

7 (xxv) For taxable years commencing after December 31, 2013, that
8 portion of the amount of any expenditure deduction claimed in
9 determining federal adjusted gross income for expenses paid by a taxpayer
10 for health care when such expenses were paid or incurred for abortion
11 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
12 amendments thereto, when such expenses were paid or incurred for
13 abortion coverage or amounts contributed to health savings accounts for
14 such taxpayer's employees for the purchase of an optional rider for
15 coverage of abortion in accordance with K.S.A. 2020 Supp. 40-2,190, and
16 amendments thereto, to the extent that such taxes and assessments are
17 claimed as a deduction for federal income tax purposes.

18 (xxvi) For all taxable years beginning after December 31, 2016, the
19 amount of any charitable contribution made to the extent the same is
20 claimed as the basis for the credit allowed pursuant to K.S.A. 72-99a07,
21 and amendments thereto, and is also claimed as an itemized deduction for
22 federal income tax purposes.

23 (xxvii) *For all taxable years beginning after December 31, 2021:*

24 (1) *Wages or remuneration for the performance of labor paid to an*
25 *individual claimed as a deduction for federal income tax purposes by a*
26 *taxpayer if the individual is an unauthorized alien. The provision of this*
27 *subsection shall apply regardless of whether an internal revenue service*
28 *form 1099 is issued in conjunction with the wages or remuneration; and*

29 (2) *any deductible business expense claimed as a deduction for*
30 *federal income tax purposes of wages or remuneration for the*
31 *performance of labor paid to an independent contractor who is not*
32 *registered with and utilizing the e-verify system to verify the federal*
33 *employment authorization of all new employees.*

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

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

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

1 (iii) The portion of any gain or loss from the sale or other disposition
2 of property having a higher adjusted basis for Kansas income tax purposes
3 than for federal income tax purposes on the date such property was sold or
4 disposed of in a transaction in which gain or loss was recognized for
5 purposes of federal income tax that does not exceed such difference in
6 basis, but if a gain is considered a long-term capital gain for federal
7 income tax purposes, the modification shall be limited to that portion of
8 such gain which is included in federal adjusted gross income.

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

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

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

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

28 (viii) Amounts received by retired railroad employees as a
29 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
30 228c (a)(1) et seq.

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

36 (x) For taxable years beginning after December 31, 1976, the amount
37 of the federal tentative jobs tax credit disallowance under the provisions of
38 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the
39 amount of the targeted jobs tax credit and work incentive credit
40 disallowances under 26 U.S.C. § 280 C.

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

43 (xii) For taxable years beginning after December 31, 1989, amounts

1 received by retired employees of a board of public utilities as pension and
2 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249,
3 and amendments thereto.

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

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

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

40 (xvi) For all taxable years beginning after December 31, 2004,
41 amounts received by taxpayers who are or were members of the armed
42 forces of the United States, including service in the Kansas army and air
43 national guard, as a recruitment, sign up or retention bonus received by

1 such taxpayer as an incentive to join, enlist or remain in the armed services
2 of the United States, including service in the Kansas army and air national
3 guard, and amounts received for repayment of educational or student loans
4 incurred by or obligated to such taxpayer and received by such taxpayer as
5 a result of such taxpayer's service in the armed forces of the United States,
6 including service in the Kansas army and air national guard.

7 (xvii) For all taxable years beginning after December 31, 2004,
8 amounts received by taxpayers who are eligible members of the Kansas
9 army and air national guard as a reimbursement pursuant to K.S.A. 48-
10 281, and amendments thereto, and amounts received for death benefits
11 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
12 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
13 amendments thereto, to the extent that such death benefits are included in
14 federal adjusted gross income of the taxpayer.

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

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

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

1 federal adjusted gross income. For purposes of this subsection, references
2 to the federal form 1040 and federal schedule C, schedule E, and schedule
3 F, shall be to such form and schedules as they existed for tax year 2011
4 and as revised thereafter by the internal revenue service.

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

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

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

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

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

1 amendments thereto.

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

7 (f) No taxpayer shall be assessed penalties and interest from the
8 underpayment of taxes due to changes to this section that became law on
9 July 1, 2017, so long as such underpayment is rectified on or before April
10 17, 2018.

11 Sec. 6. K.S.A. 79-32,117 is hereby repealed.

12 Sec. 7. This act shall take effect and be in force from and after its
13 publication in the statute book.