

HOUSE BILL No. 2680

By Representatives Poskin, Clayton and Tarwater

2-9

1 AN ACT concerning economic development; relating to income and
2 privilege tax incentives for employee savings accounts; establishing the
3 Kansas employee emergency savings account (KEESA) program;
4 providing an income and privilege tax credit for certain eligible
5 employer deposits to employee savings accounts established under the
6 program; providing a subtraction modification for certain employee
7 deposits to savings accounts established under the program; amending
8 K.S.A. 2021 Supp. 79-32,117 and repealing the existing section.
9

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

11 New Section 1. (a) The purposes of this act shall be to provide
12 assistance to eligible employers with recruiting and retaining employees in
13 a challenging labor market through incentives to contribute to employee
14 emergency savings accounts, to encourage employees of eligible
15 employers to save money for emergencies to increase financial security
16 and avoid high-cost borrowing and to encourage financial literacy.

17 (b) There is hereby established the Kansas employee emergency
18 savings account (KEESA) program for taxable years 2023 through 2025.
19 Any eligible employer may participate in the Kansas employee emergency
20 savings account program provided in this section by submitting an
21 application to the secretary and complying with the requirements of this
22 section. The application shall be prepared in such form and manner as
23 required by the secretary and shall be submitted at a time to be determined
24 and specified by the secretary. The secretary shall review applications and
25 provide certifications of participation to each eligible employer who
26 complies with the requirements of this section.

27 (c) The program shall provide for participating eligible employers to
28 assist with the establishment of employee savings accounts that allow
29 automatic deposits by means of payroll deductions from employees'
30 paychecks and additional deposits by the employer. The program requires
31 the following:

32 (1) Employees of participating eligible employers may elect to
33 participate.

34 (2) The eligible employer shall make an initial deposit in an amount
35 of at least \$50 on behalf of a participating employee to establish such a
36 savings account. The eligible employer may make additional deposits to

1 employees' savings accounts based on matching funds or other amounts as
2 determined by the employer.

3 (3) Pursuant to a written authorization by a participating employee,
4 the eligible employer shall withhold or deduct any portion of such
5 employee's wages in the amount specified on the authorization form by a
6 payroll deduction to be deposited into such employee's savings account
7 established pursuant to this section and make deposits of such amounts to
8 such employee's savings account. Any such written authorization may be
9 withdrawn or modified by such employee upon providing written notice of
10 withdrawal or modification to the eligible employer. No administrative
11 fees or charges shall be assessed for costs incurred in making such
12 deductions.

13 (4) The employee savings accounts shall be federally insured savings
14 accounts established and maintained at a federally insured bank, savings
15 bank, savings and loan association or credit union. The savings accounts
16 shall offer online and mobile banking access.

17 (5) The owner or account holder of such savings account shall be the
18 employee for whom the savings account was established. The eligible
19 employer shall not attempt to restrict the use of any moneys in employees'
20 savings accounts established pursuant to this section.

21 (6) The eligible employer shall offer a mobile application that notifies
22 employees of payroll deposits and provides financial literacy tools and
23 educational materials to learn about saving for emergencies, establishing
24 savings goals and budgeting.

25 (7) On or before January 31 each year, the eligible employer shall
26 provide to each participating employee notice of such employee's total
27 deposits by means of payroll deductions made to such employee's savings
28 account during the prior taxable year.

29 (d) Each participating eligible employer shall annually report to the
30 secretary the following: (1) The number of employee savings accounts
31 newly established during the preceding year; (2) the amounts of initial
32 deposits made by the employer during the preceding year; (3) the number
33 of participating employees during the preceding year; (4) the amounts of
34 deposits by employees by means of payroll deduction during the preceding
35 year; (5) the amounts of additional deposits made by the employer during
36 the preceding year; and (6) any additional information as the secretary may
37 require pursuant to this section.

38 (e) As used in this section:

39 (1) "Eligible employer" means any person, firm, corporation,
40 partnership or association that is subject to income tax pursuant to the
41 Kansas income tax act or privilege tax pursuant to article 11 of chapter 79
42 of the Kansas Statutes Annotated, and amendments thereto, and that
43 employs not more than 250 employees;

1 (2) "program" means the Kansas employee emergency savings
2 account program provided in this section; and

3 (3) "secretary" means the secretary of commerce.

4 (f) The secretary of commerce may adopt rules and regulations
5 necessary to administer the provisions of this section.

6 New Sec. 2. (a) For taxable years 2023 through 2025, there shall be
7 allowed a credit against the tax liability of a taxpayer imposed under the
8 Kansas income tax act or the privilege tax liability of a taxpayer imposed
9 upon a national banking association, state bank, trust company or savings
10 and loan association pursuant article 11 of chapter 79 of the Kansas
11 Statutes Annotated, and amendments thereto, in an amount equal to the
12 sum of:

13 (1) 50% of initial deposits made during the taxable year by a taxpayer
14 to employees' savings accounts established under the Kansas employee
15 emergency savings account program pursuant to section 1, and
16 amendments thereto; and

17 (2) 25% of additional deposits by matching funds or other amounts
18 deposited as determined by the employer during the taxable year by a
19 taxpayer to employees' savings accounts established under the Kansas
20 employee emergency savings account program pursuant to section 1, and
21 amendments thereto.

22 (b) For purposes of this section, the taxpayer shall be an eligible
23 employer participating in the Kansas employee emergency savings account
24 program pursuant to section 1, and amendments thereto. Amounts withheld
25 or deducted by means of payroll deduction from employees' wages shall
26 not be included as deposits of a taxpayer for purposes of this credit.

27 (c) The amount of credit allowed each taxable year pursuant to
28 subsection (a)(1) shall not exceed \$50 per employee savings account
29 established during such taxable year. The amount of credit allowed each
30 taxable year pursuant to subsection (a)(2) shall not exceed \$325 per
31 employee participating in the program during such taxable year.

32 (d) If the total amount of such tax credit exceeds the taxpayer's
33 income or privilege tax liability for such taxable year, such excess amount
34 may be carried forward for deduction from the taxpayer's income or
35 privilege tax liability in the next succeeding year or years for up to two
36 taxable years immediately following the taxable year for which the credits
37 were allowed. The credit shall not be refundable. The credit shall not be
38 transferable.

39 (e) The taxpayer shall provide to the secretary of revenue any
40 information as may be required by the secretary to administer the
41 provisions of this section.

42 (f) The provisions of this section shall be a part of and supplemental
43 to the Kansas income tax act.

1 Sec. 3. K.S.A. 2021 Supp. 79-32,117 is hereby amended to read as
2 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
3 means such individual's federal adjusted gross income for the taxable year,
4 with the modifications specified in this section.

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

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

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

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

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

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

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

9 (vii) The amount of any charitable contribution made to the extent the
10 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
11 32,196, and amendments thereto.

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

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

22 (x) Amounts received as nonqualified withdrawals, as defined by
23 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a
24 family postsecondary education savings account, such amounts were
25 subtracted from the federal adjusted gross income pursuant to K.S.A. 79-
26 32,117(c)(xv), and amendments thereto, or if such amounts are not already
27 included in the federal adjusted gross income.

28 (xi) The amount of any contribution made to the same extent the
29 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
30 50,154, and amendments thereto.

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

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

42 (xiv) The amount of any amortization deduction claimed in
43 determining federal adjusted gross income to the extent the same is

1 claimed for deduction pursuant to K.S.A. 79-32,221, and amendments
2 thereto.

3 (xv) The amount of any expenditures claimed for deduction in
4 determining federal adjusted gross income, to the extent the same is
5 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223
6 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-
7 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-
8 32,251 through 79-32,254, and amendments thereto.

9 (xvi) The amount of any amortization deduction claimed in
10 determining federal adjusted gross income to the extent the same is
11 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-
12 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

13 (xvii) 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. 79-32,256, and amendments
16 thereto.

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

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

1 service.

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

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

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

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

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

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

1 coverage of abortion in accordance with K.S.A. 40-2,190, and
2 amendments thereto, to the extent that such taxes and assessments are
3 claimed as a deduction for federal income tax purposes.

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

9 (xxvii) For all taxable years commencing after December 31, 2020,
10 the amount deducted by reason of a carryforward of disallowed business
11 interest pursuant to section 163(j) of the federal internal revenue code of
12 1986, as in effect on January 1, 2018.

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

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

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

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

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

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

42 (vi) Accumulation distributions received by a taxpayer as a
43 beneficiary of a trust to the extent that the same are included in federal

1 adjusted gross income.

2 (vii) Amounts received as annuities under the federal civil service
3 retirement system from the civil service retirement and disability fund and
4 other amounts received as retirement benefits in whatever form which
5 were earned for being employed by the federal government or for service
6 in the armed forces of the United States.

7 (viii) Amounts received by retired railroad employees as a
8 supplemental annuity under the provisions of 45 U.S.C. §§ 228b(a) and
9 228c(a)(1) et seq.

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

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

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

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

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

30 (xiv) For all taxable years commencing after December 31, 1996, that
31 portion of any income of a bank organized under the laws of this state or
32 any other state, a national banking association organized under the laws of
33 the United States, an association organized under the savings and loan
34 code of this state or any other state, or a federal savings association
35 organized under the laws of the United States, for which an election as an
36 S corporation under subchapter S of the federal internal revenue code is in
37 effect, which accrues to the taxpayer who is a stockholder of such
38 corporation and which is not distributed to the stockholders as dividends of
39 the corporation. For taxable years beginning after December 31, 2012, and
40 ending before January 1, 2017, the amount of modification under this
41 subsection shall exclude the portion of income or loss reported on schedule
42 E and included on line 17 of the taxpayer's form 1040 federal individual
43 income tax return.

1 (xv) For all taxable years beginning after December 31, 2017, the
2 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple
3 filing a joint return, for each designated beneficiary that are contributed to:
4 (1) A family postsecondary education savings account established under
5 the Kansas postsecondary education savings program or a qualified tuition
6 program established and maintained by another state or agency or
7 instrumentality thereof pursuant to section 529 of the internal revenue
8 code of 1986, as amended, for the purpose of paying the qualified higher
9 education expenses of a designated beneficiary; or (2) an achieving a
10 better life experience (ABLE) account established under the Kansas ABLE
11 savings program or a qualified ABLE program established and maintained
12 by another state or agency or instrumentality thereof pursuant to section
13 529A of the internal revenue code of 1986, as amended, for the purpose of
14 saving private funds to support an individual with a disability. The terms
15 and phrases used in this paragraph shall have the meaning respectively
16 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and
17 amendments thereto, and the provisions of such sections are hereby
18 incorporated by reference for all purposes thereof.

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

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

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

1 adjusted gross income of \$75,000 or less, whether such taxpayer's filing
2 status is single, head of household, married filing separate or married filing
3 jointly.

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

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

26 (xxi) For all taxable years beginning after December 31, 2013,
27 amounts equal to the unreimbursed travel, lodging and medical
28 expenditures directly incurred by a taxpayer while living, or a dependent
29 of the taxpayer while living, for the donation of one or more human organs
30 of the taxpayer, or a dependent of the taxpayer, to another person for
31 human organ transplantation. The expenses may be claimed as a
32 subtraction modification provided for in this section to the extent the
33 expenses are not already subtracted from the taxpayer's federal adjusted
34 gross income. In no circumstances shall the subtraction modification
35 provided for in this section for any individual, or a dependent, exceed
36 \$5,000. As used in this section, "human organ" means all or part of a liver,
37 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
38 paragraph shall take effect on the day the secretary of revenue certifies to
39 the director of the budget that the cost for the department of revenue of
40 modifications to the automated tax system for the purpose of
41 implementing this paragraph will not exceed \$20,000.

42 (xxii) For taxable years beginning after December 31, 2012, and
43 ending before January 1, 2017, the amount of net gain from the sale of: (1)

1 Cattle and horses, regardless of age, held by the taxpayer for draft,
2 breeding, dairy or sporting purposes, and held by such taxpayer for 24
3 months or more from the date of acquisition; and (2) other livestock,
4 regardless of age, held by the taxpayer for draft, breeding, dairy or
5 sporting purposes, and held by such taxpayer for 12 months or more from
6 the date of acquisition. The subtraction from federal adjusted gross income
7 shall be limited to the amount of the additions recognized under the
8 provisions of subsection (b)(xix) attributable to the business in which the
9 livestock sold had been used. As used in this paragraph, the term
10 "livestock" shall not include poultry.

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

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

19 (xxv) For all taxable years commencing after December 31, 2020,
20 100% of global intangible low-taxed income under section 951A of the
21 federal internal revenue code of 1986, before any deductions allowed
22 under section 250(a)(1)(B) of such code.

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

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

31 (xxviii) *For taxable years 2023 through 2025, the cumulative*
32 *amounts not exceeding \$1,500, or \$3,000 for a married couple filing a*
33 *joint return, deposited by a taxpayer during the taxable year by means of*
34 *payroll deduction from such taxpayer's wages to such taxpayer's employee*
35 *savings account established under the Kansas employee emergency*
36 *savings account program pursuant to section 1, and amendments thereto.*

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

41 (e) The amount of modifications required to be made under this
42 section by a partner which relates to items of income, gain, loss, deduction
43 or credit of a partnership shall be determined under K.S.A. 79-32,131, and

1 amendments thereto, to the extent that such items affect federal adjusted
2 gross income of the partner.

3 (f) No taxpayer shall be assessed penalties and interest from the
4 underpayment of taxes due to changes to this section that became law on
5 July 1, 2017, so long as such underpayment is rectified on or before April
6 17, 2018.

7 Sec. 4. K.S.A. 2021 Supp. 79-32,117 is hereby repealed.

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