

**HOUSE BILL No. 2580**

By Representatives Kuether, Bollier, Carlin, Carmichael, Finney, Highberger, Ruiz,  
Tietze and Ward

2-1

1 AN ACT concerning insurance; relating to coverage of abortion services;  
2 amending K.S.A. 2015 Supp. 40-2,103, 40-19c09, 40-2246, 65-6731,  
3 65-6733, 79-32,117, 79-32,138, 79-32,182b, 79-32,195 and 79-32,261  
4 and repealing the existing sections; also repealing K.S.A. 2015 Supp.  
5 40-2,190 and 40-2,191.  
6

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

8 Section 1. K.S.A. 2015 Supp. 40-2,103 is hereby amended to read as  
9 follows: 40-2,103. The requirements of K.S.A. 40-2,100, 40-2,101, 40-  
10 2,102, 40-2,104, 40-2,105, 40-2,114, 40-2,160, 40-2,165 through 40-2,170,  
11 inclusive, 40-2250, K.S.A. 2015 Supp. 40-2,105a, 40-2,105b, 40-2,184,  
12 ~~40-2,190~~ and 40-2,194, and amendments thereto, shall apply to all  
13 insurance policies, subscriber contracts or certificates of insurance  
14 delivered, renewed or issued for delivery within or outside of this state or  
15 used within this state by or for an individual who resides or is employed in  
16 this state.

17 Sec. 2. K.S.A. 2015 Supp. 40-19c09 is hereby amended to read as  
18 follows: 40-19c09.(a) Corporations organized under the nonprofit medical  
19 and hospital service corporation act shall be subject to the provisions of  
20 the Kansas general corporation code, articles 60 to 74, inclusive, of  
21 chapter 17 of the Kansas Statutes Annotated, and amendments thereto,  
22 applicable to nonprofit corporations, to the provisions of K.S.A. 40-214,  
23 40-215, 40-216, 40-218, 40-219, 40-222, 40-223, 40-224, 40-225, 40-229,  
24 40-230, 40-231, 40-235, 40-236, 40-237, 40-247, 40-248, 40-249, 40-250,  
25 40-251, 40-252, 40-2,100, 40-2,101, 40-2,102, 40-2,103, 40-2,104, 40-  
26 2,105, 40-2,116, 40-2,117, 40-2,125, 40-2,153, 40-2,154, 40-2,160, 40-  
27 2,161, 40-2,163 through 40-2,170, inclusive, 40-2a01 et seq., 40-2111 to  
28 40-2116, inclusive, 40-2215 to 40-2220, inclusive, 40-2221a, 40-2221b,  
29 40-2229, 40-2230, 40-2250, 40-2251, 40-2253, 40-2254, 40-2401 to 40-  
30 2421, inclusive, and 40-3301 to 40-3313, inclusive, K.S.A. 2015 Supp. 40-  
31 2,105a, 40-2,105b, 40-2,184, ~~40-2,190~~ and 40-2,194, and amendments  
32 thereto, except as the context otherwise requires, and shall not be subject  
33 to any other provisions of the insurance code except as expressly provided  
34 in this act.

35 (b) No policy, agreement, contract or certificate issued by a

1 corporation to which this section applies shall contain a provision which  
2 excludes, limits or otherwise restricts coverage because medicaid benefits  
3 as permitted by title XIX of the social security act of 1965 are or may be  
4 available for the same accident or illness.

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

7 Sec. 3. K.S.A. 2015 Supp. 40-2246 is hereby amended to read as  
8 follows: 40-2246. (a) A credit against the taxes otherwise due under the  
9 Kansas income tax act shall be allowed to an employer for amounts paid  
10 during the taxable year for purposes of this act on behalf of an eligible  
11 employee as defined in K.S.A. 40-2239, and amendments thereto, to  
12 provide health insurance or care and amounts contributed to health savings  
13 accounts of eligible covered employees, ~~except that for taxable years~~  
14 ~~commencing after December 31, 2013, no credit shall be allowed pursuant~~  
15 ~~to this section for that portion of any amounts paid by an employer for~~  
16 ~~healthcare expenditures, a health benefit plan, as defined in K.S.A. 2015~~  
17 ~~Supp. 65-6731, and amendments thereto, or amounts contributed to health~~  
18 ~~savings accounts for the purchase of an optional rider for coverage of~~  
19 ~~abortion in accordance with K.S.A. 40-2,190, and amendments thereto.~~

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

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

42 (c) If the credit allowed by this section is claimed, the amount of any  
43 deduction allowable under the Kansas income tax act for expenses

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

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

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

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

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

21 Sec. 4. K.S.A. 2015 Supp. 65-6731 is hereby amended to read as  
22 follows: 65-6731. As used in K.S.A. 2015 Supp. 65-6731 through 65-  
23 6738, and amendments thereto:

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

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

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

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

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

39 Sec. 5. K.S.A. 2015 Supp. 65-6733 is hereby amended to read as  
40 follows: 65-6733. Except to the extent required by federal law:

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

43 ~~(b) no tax credit shall be allowed against any income tax, premium or~~

1 ~~privilege tax liability and no exemption shall be granted from sales or~~  
2 ~~compensating use tax for that portion of such amounts paid or incurred for~~  
3 ~~an abortion, or that portion of such amounts paid or incurred for a health~~  
4 ~~benefit plan, including premium assistance, for the purchase of an optional~~  
5 ~~rider for coverage of abortion in accordance with K.S.A. 2015 Supp. 40-~~  
6 ~~2,190, and amendments thereto;~~

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

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

17 Sec. 6. K.S.A. 2015 Supp. 79-32,117 is hereby amended to read as  
18 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
19 means such individual's federal adjusted gross income for the taxable year,  
20 with the modifications specified in this section.

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

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

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

42 (iii) The federal net operating loss deduction.

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. 2015 Supp. 79-32,204, and amendments  
30 thereto.

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

37 (x) Amounts received as nonqualified withdrawals, as defined by  
38 K.S.A. 2015 Supp. 75-643, and amendments thereto, if, at the time of  
39 contribution to a family postsecondary education savings account, such  
40 amounts were subtracted from the federal adjusted gross income pursuant  
41 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts  
42 are not already included in the federal adjusted gross income.

43 (xi) The amount of any contribution made to the same extent the

1 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2015  
2 Supp. 74-50,154, and amendments thereto.

3 (xii) For taxable years commencing after December 31, 2004,  
4 amounts received as withdrawals not in accordance with the provisions of  
5 K.S.A. 2015 Supp. 74-50,204, and amendments thereto, if, at the time of  
6 contribution to an individual development account, such amounts were  
7 subtracted from the federal adjusted gross income pursuant to subsection  
8 (c)(xiii), or if such amounts are not already included in the federal adjusted  
9 gross income.

10 (xiii) The amount of any expenditures claimed for deduction in  
11 determining federal adjusted gross income, to the extent the same is  
12 claimed as the basis for any credit allowed pursuant to K.S.A. 2015 Supp.  
13 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

14 (xiv) The amount of any amortization deduction claimed in  
15 determining federal adjusted gross income to the extent the same is  
16 claimed for deduction pursuant to K.S.A. 2015 Supp. 79-32,221, and  
17 amendments thereto.

18 (xv) The amount of any expenditures claimed for deduction in  
19 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. 2015 Supp.  
21 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233  
22 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-  
23 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

24 (xvi) The amount of any amortization deduction claimed in  
25 determining federal adjusted gross income to the extent the same is  
26 claimed for deduction pursuant to K.S.A. 2015 Supp. 79-32,227, 79-  
27 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments  
28 thereto.

29 (xvii) The amount of any amortization deduction claimed in  
30 determining federal adjusted gross income to the extent the same is  
31 claimed for deduction pursuant to K.S.A. 2015 Supp. 79-32,256, and  
32 amendments thereto.

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

43 (xix) For all taxable years beginning after December 31, 2012, the

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

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

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

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

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

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

1 as defined in K.S.A. 2015 Supp. 65-6731, and amendments thereto, for the  
2 purchase of an optional rider for coverage of abortion in accordance with  
3 K.S.A. 2015 Supp. 40-2,190, and amendments thereto, to the extent that  
4 such taxes and assessments are claimed as an itemized deduction for  
5 federal income tax purposes.

6 (xxv) ~~For taxable years commencing after December 31, 2013, that~~  
7 ~~portion of the amount of any expenditure deduction claimed in~~  
8 ~~determining federal adjusted gross income for expenses paid by a taxpayer~~  
9 ~~for health care when such expenses were paid or incurred for abortion~~  
10 ~~coverage, a health benefit plan, as defined in K.S.A. 2015 Supp. 65-6731,~~  
11 ~~and amendments thereto, when such expenses were paid or incurred for~~  
12 ~~abortion coverage or amounts contributed to health savings accounts for~~  
13 ~~such taxpayer's employees for the purchase of an optional rider for~~  
14 ~~coverage of abortion in accordance with K.S.A. 2015 Supp. 40-2,190, and~~  
15 ~~amendments thereto, to the extent that such taxes and assessments are~~  
16 ~~claimed as a deduction for federal income tax purposes.~~

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

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

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

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

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

42 (v) The amount of any refund or credit for overpayment of taxes on  
43 or measured by income or fees or payments in lieu of income taxes



1 imposed by this state, or any taxing jurisdiction, to the extent included in  
2 gross income for federal income tax purposes.

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

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

11 (viii) Amounts received by retired railroad employees as a  
12 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and  
13 228c (a)(1) et seq.

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

19 (x) For taxable years beginning after December 31, 1976, the amount  
20 of the federal tentative jobs tax credit disallowance under the provisions of  
21 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the  
22 amount of the targeted jobs tax credit and work incentive credit  
23 disallowances under 26 U.S.C. § 280 C.

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

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

30 (xiii) For taxable years beginning after December 31, 2004, amounts  
31 contributed to and the amount of income earned on contributions deposited  
32 to an individual development account under K.S.A. 2015 Supp. 74-50,201  
33 et seq., and amendments thereto.

34 (xiv) For all taxable years commencing after December 31, 1996, that  
35 portion of any income of a bank organized under the laws of this state or  
36 any other state, a national banking association organized under the laws of  
37 the United States, an association organized under the savings and loan  
38 code of this state or any other state, or a federal savings association  
39 organized under the laws of the United States, for which an election as an  
40 S corporation under subchapter S of the federal internal revenue code is in  
41 effect, which accrues to the taxpayer who is a stockholder of such  
42 corporation and which is not distributed to the stockholders as dividends of  
43 the corporation. For all taxable years beginning after December 31, 2012,

1 the amount of modification under this subsection shall exclude the portion  
2 of income or loss reported on schedule E and included on line 17 of the  
3 taxpayer's form 1040 federal individual income tax return.

4 (xv) For all taxable years beginning after December 31, 2006,  
5 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a  
6 joint return, for each designated beneficiary which are contributed to a  
7 family postsecondary education savings account established under the  
8 Kansas postsecondary education savings program or a qualified tuition  
9 program established and maintained by another state or agency or  
10 instrumentality thereof pursuant to section 529 of the internal revenue  
11 code of 1986, as amended, for the purpose of paying the qualified higher  
12 education expenses of a designated beneficiary at an institution of  
13 postsecondary education. The terms and phrases used in this paragraph  
14 shall have the meaning respectively ascribed thereto by the provisions of  
15 K.S.A. 2015 Supp. 75-643, and amendments thereto, and the provisions of  
16 such section are hereby incorporated by reference for all purposes thereof.

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

27 (xvii) For all taxable years beginning after December 31, 2004,  
28 amounts received by taxpayers who are eligible members of the Kansas  
29 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
30 281, and amendments thereto, and amounts received for death benefits  
31 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section  
32 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and  
33 amendments thereto, to the extent that such death benefits are included in  
34 federal adjusted gross income of the taxpayer.

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

1 status is single, head of household, married filing separate or married filing  
2 jointly.

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

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

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

41 (xxii) For all taxable years beginning after December 31, 2012, the  
42 amount of net gain from the sale of: (1) Cattle and horses, regardless of  
43 age, held by the taxpayer for draft, breeding, dairy or sporting purposes,

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

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

14 (xxiv) For all taxable years beginning after December 31, 2013, the  
15 net gain from the sale from Christmas trees grown in Kansas and held by  
16 the taxpayer for six years or more.

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

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

26 Sec. 7. K.S.A. 2015 Supp. 79-32,138 is hereby amended to read as  
27 follows: 79-32,138. (a) Kansas taxable income of a corporation taxable  
28 under this act shall be the corporation's federal taxable income for the  
29 taxable year with the modifications specified in this section.

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

34 (ii) The amount of all depreciation deductions claimed for any  
35 property upon which the deduction allowed by K.S.A. 2015 Supp. 79-  
36 32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-  
37 32,255 or 79-32,256, and amendments thereto, is claimed.

38 (iii) The amount of any charitable contribution deduction claimed for  
39 any contribution or gift to or for the use of any racially segregated  
40 educational institution.

41 ~~(iv) For taxable years commencing December 31, 2013, that portion~~  
42 ~~of the amount of any expenditure deduction claimed in determining federal~~  
43 ~~adjusted gross income for expenses paid by a taxpayer for health care~~

1 when such expenses were paid or incurred for abortion coverage, a health  
2 benefit plan, as defined in K.S.A. 2015 Supp. 65-6731, and amendments  
3 thereto, when such expenses were paid or incurred for abortion coverage  
4 or amounts contributed to health savings accounts for such taxpayer's  
5 employees for the purchase of an optional rider for coverage of abortion in  
6 accordance with K.S.A. 2015 Supp. 40-2,190, and amendments thereto.

7 (v) (iv) The amount of any charitable contribution deduction claimed  
8 for any contribution or gift made to a scholarship granting organization to  
9 the extent the same is claimed as the basis for the credit allowed pursuant  
10 to K.S.A. 2015 Supp. 72-99a07, and amendments thereto.

11 (c) There shall be subtracted from federal taxable income: (i) The  
12 same modifications as are set forth in ~~subsection (e) of~~ K.S.A. 79-  
13 32,117(c), and amendments thereto, with respect to resident individuals,  
14 except subsection (c)(xx).

15 (ii) The federal income tax liability for any taxable year commencing  
16 prior to December 31, 1971, for which a Kansas return was filed after  
17 reduction for all credits thereon, except credits for payments on estimates  
18 of federal income tax, credits for gasoline and lubricating oil tax, and for  
19 foreign tax credits if, on the Kansas income tax return for such prior year,  
20 the federal income tax deduction was computed on the basis of the federal  
21 income tax paid in such prior year, rather than as accrued. Notwithstanding  
22 the foregoing, the deduction for federal income tax liability for any year  
23 shall not exceed that portion of the total federal income tax liability for  
24 such year which bears the same ratio to the total federal income tax  
25 liability for such year as the Kansas taxable income, as computed before  
26 any deductions for federal income taxes and after application of  
27 subsections (d) and (e) of this section as existing for such year, bears to the  
28 federal taxable income for the same year.

29 (iii) An amount for the amortization deduction allowed pursuant to  
30 K.S.A. 2015 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-  
31 32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto.

32 (iv) For all taxable years commencing after December 31, 1987, the  
33 amount included in federal taxable income pursuant to the provisions of  
34 section 78 of the internal revenue code.

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

38 (d) If any corporation derives all of its income from sources within  
39 Kansas in any taxable year commencing after December 31, 1979, its  
40 Kansas taxable income shall be the sum resulting after application of  
41 subsections (a) through (c) hereof. Otherwise, such corporation's Kansas  
42 taxable income in any such taxable year, after excluding any refunds of  
43 federal income tax and before the deduction of federal income taxes

1 provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-  
2 3271 to K.S.A. 79-3293, inclusive, and amendments thereto, plus any  
3 refund of federal income tax as determined under ~~paragraph (iv) of~~  
4 ~~subsection (b) of~~ K.S.A. 79-32,117(b)(iv), and amendments thereto, and  
5 minus the deduction for federal income taxes as provided by subsection (c)  
6 (ii) shall be such corporation's Kansas taxable income.

7 (e) A corporation may make an election with respect to its first  
8 taxable year commencing after December 31, 1982, whereby no addition  
9 modifications as provided for in ~~subsection (b)(ii) of~~ K.S.A. 79-32,138(b)  
10 (ii), and amendments thereto, and subtraction modifications as provided  
11 for in ~~subsection (c)(iii) of~~ K.S.A. 79-32,138(c)(iii), and amendments  
12 thereto, as those subsections existed prior to their amendment by this act,  
13 shall be required to be made for such taxable year.

14 Sec. 8. K.S.A. 2015 Supp. 79-32,182b is hereby amended to read as  
15 follows: 79-32,182b. (a) For all taxable years commencing after December  
16 31, 2000, a credit shall be allowed against the tax imposed by the Kansas  
17 income tax act on the Kansas taxable income of a taxpayer for  
18 expenditures in research and development activities conducted within this  
19 state in an amount equal to 6½% of the amount by which the amount  
20 expended for such activities in the taxable year of the taxpayer exceeds the  
21 taxpayer's average of the actual expenditures for such purposes made in  
22 such taxable year and the next preceding two taxable years.

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

30 (c) As used in this section, the term "expenditures in research and  
31 development activities" means expenditures made for such purposes, other  
32 than expenditures of moneys made available to the taxpayer pursuant to  
33 federal or state law, which are treated as expenses allowable for deduction  
34 under the provisions of the federal internal revenue code of 1986, as  
35 amended, ~~except that for taxable years commencing after December 31,~~  
36 ~~2013, expenditures in research and development activities shall not include~~  
37 ~~any expenditures for the performance of any abortion, as defined in K.S.A.~~  
38 ~~65-6701, and amendments thereto.~~

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

1       Sec. 9. K.S.A. 2015 Supp. 79-32,195 is hereby amended to read as  
2 follows: 79-32,195. As used in this act, the following words and phrases  
3 shall have the meanings ascribed to them herein: (a) "Business firm"  
4 means any business entity authorized to do business in the state of Kansas  
5 which is subject to the state income tax imposed by the provisions of the  
6 Kansas income tax act, any individual subject to the state income tax  
7 imposed by the provisions of the Kansas income tax act, any national  
8 banking association, state bank, trust company or savings and loan  
9 association paying an annual tax on its net income pursuant to article 11 of  
10 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or  
11 any insurance company paying the premium tax and privilege fees  
12 imposed pursuant to K.S.A. 40-252, and amendments thereto;

13       (b) "Community services" means:

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

21       (2) crime prevention;

22       (3) health care services; and

23       (4) youth apprenticeship and technical training.

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

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

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

33       (1) Has obtained a ruling from the internal revenue service of the  
34 United States department of the treasury that such organization is exempt  
35 from income taxation under the provisions of section 501(c)(3) of the  
36 federal internal revenue code;~~or~~

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

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

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

43       (f) "Contributions" shall mean and include the donation of cash,

1 services or property other than used clothing in an amount or value of  
2 \$250 or more. Stocks and bonds contributed shall be valued at the stock  
3 market price on the date of transfer. Services contributed shall be valued at  
4 the standard billing rate for not-for-profit clients. Personal property items  
5 contributed shall be valued at the lesser of its fair market value or cost to  
6 the donor and may be inclusive of costs incurred in making the  
7 contribution, but shall not include sales tax. Contributions of real estate are  
8 allowable for credit only when title thereto is in fee simple absolute and is  
9 clear of any encumbrances. The amount of credit allowable shall be based  
10 upon the lesser of two current independent appraisals conducted by state  
11 licensed appraisers.

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

26 (h) "Rural community" means any city having a population of fewer  
27 than 15,000 located in a county that is not part of a standard metropolitan  
28 statistical area as defined by the United States department of commerce or  
29 its successor agency. However, any such city located in a county defined  
30 as a standard metropolitan statistical area shall be deemed a rural  
31 community if a substantial number of persons in such county derive their  
32 income from agriculture and, in any county where there is only one city  
33 within the county which has a population of more than 15,000 and which  
34 classifies as a standard metropolitan statistical area, all other cities in that  
35 county having a population of less than 15,000 shall be deemed a rural  
36 community.

37 Sec. 10. K.S.A. 2015 Supp. 79-32,261 is hereby amended to read as  
38 follows: 79-32,261. (a) On and after July 1, 2008, any taxpayer who  
39 contributes in the manner prescribed by this section to a community  
40 college located in Kansas for capital improvements, to a technical college  
41 for deferred maintenance or the purchase of technology or equipment or to  
42 a postsecondary educational institution located in Kansas for deferred  
43 maintenance, shall be allowed a credit against the tax imposed by the



1 Kansas income tax act, the premium tax or privilege fees imposed  
2 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as  
3 measured by net income of financial institutions imposed pursuant to  
4 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments  
5 thereto. The tax credit allowed by this section is applicable for the tax year  
6 2008 for any contributions made on and after July 1, 2008, and for the tax  
7 years 2009, 2010, 2011 and 2012 for any contributions made during the  
8 entire tax year. The amount of the credit allowed by this section shall not  
9 exceed 60% of the total amount contributed during the taxable year by the  
10 taxpayer to a community college or a technical college located in Kansas  
11 for such purposes. The amount of the credit allowed by this section shall  
12 not exceed 50% of the total amount contributed during the taxable year by  
13 the taxpayer to a postsecondary educational institution for such purposes.  
14 If the amount of the credit allowed by this section for a taxpayer who  
15 contributes to a community college or a technical college exceeds the  
16 taxpayer's income tax liability imposed by the Kansas income tax act, such  
17 excess amount shall be refunded to the taxpayer. If the amount of the tax  
18 credit for a taxpayer who contributes to a postsecondary educational  
19 institution exceeds the taxpayer's income tax liability for the taxable year,  
20 the amount which exceeds the tax liability may be carried over for  
21 deduction from the taxpayer's income tax liability in the next succeeding  
22 taxable year or years until the total amount of the tax credit has been  
23 deducted from tax liability, except that no such tax credit shall be carried  
24 over for deduction after the third taxable year succeeding the taxable year  
25 in which the contribution is made. Prior to the issuance of any tax credits  
26 pursuant to this section, the structure of the process in which contributions  
27 received by a community college, a technical college or a postsecondary  
28 educational institution qualify as tax credits allowed and issued pursuant to  
29 this section shall be developed by a community college, a technical college  
30 and a postsecondary educational institution in consultation with the  
31 secretary of revenue and the foundation or endowment association of any  
32 such community college, technical college or postsecondary educational  
33 institution in a manner that complies with requirements specified in the  
34 federal internal revenue code of 1986, as amended, so that contributions  
35 qualify as charitable contributions allowable as deductions from federal  
36 adjusted gross income.

37 (b) (1) Upon receipt of any such contributions to a community  
38 college made pursuant to the provisions of this section, the treasurer of the  
39 community college shall deposit such contributions to the credit of the  
40 capital outlay fund of such community college established as provided by  
41 K.S.A. 71-501a, and amendments thereto. Expenditures from such fund  
42 shall be made for the purposes described in ~~subsection (a) of K.S.A. 71-~~  
43 501(a), and amendments thereto, except that expenditures shall not be

1 made from such fund for new construction or the acquisition of real  
2 property for use as building sites or for educational programs.

3 (2) Upon receipt of any such contributions to a technical college  
4 made pursuant to the provisions of this section, such contributions shall be  
5 deposited to the credit of a deferred maintenance fund or a technology and  
6 equipment fund established by the technical college which received the  
7 contribution. Expenditures from such fund shall be made only for the  
8 purpose as provided in this subsection.

9 (3) Upon receipt of any such contributions to a postsecondary  
10 educational institution made pursuant to the provisions of this section,  
11 such contributions shall be deposited to the credit of the appropriate  
12 deferred maintenance support fund of the postsecondary educational  
13 institution which received the contribution. Expenditures from such fund  
14 shall be made only for the purposes designated for such fund pursuant to  
15 law.

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

22 (2) In no event shall the total of credits allowed under this section for  
23 taxpayers who contribute to postsecondary educational institutions exceed  
24 the following amounts: For the tax year 2008, an amount not to exceed  
25 \$5,625,000; for the tax year 2009, an amount not to exceed \$11,250,000;  
26 and for the tax years 2010, 2011 and 2012, an amount not to exceed  
27 \$15,000,000. Except as otherwise provided, the allocation of such tax  
28 credits for each individual state educational institution shall be determined  
29 by the state board of regents in consultation with the secretary of revenue  
30 and the university foundation or endowment association of each  
31 postsecondary educational institution, and such determination shall be  
32 completed prior to the issuance of any tax credits pursuant to this section.  
33 Not more than 40% of the total of credits allowed under this section shall  
34 be allocated to any one postsecondary educational institution unless all  
35 such postsecondary educational institutions approve an allocation to any  
36 one such postsecondary educational institution which exceeds 40% of the  
37 total of such credits allowed under this section.

38 (d) As used in this section: (1) "Community college" means a  
39 community college established under the provisions of the community  
40 college act;

41 (2) "deferred maintenance" means the maintenance, repair,  
42 reconstruction or rehabilitation of a building located at a technical college  
43 or a postsecondary educational institution which has been deferred, any

1 utility systems relating to such building, any life-safety upgrades to such  
2 building and any improvements necessary to be made to such building in  
3 order to comply with the requirements of the Americans with disabilities  
4 act or other federal or state law, ~~except that for taxable years commencing~~  
5 ~~after December 31, 2013, deferred maintenance shall not include any~~  
6 ~~maintenance, repair, reconstruction or rehabilitation of any building in~~  
7 ~~which any abortion, as defined in K.S.A. 65-6701, and amendments~~  
8 ~~thereto, is performed;~~

9 (3) "postsecondary educational institution" means the university of  
10 Kansas, Kansas state university of agriculture and applied science, Wichita  
11 state university, Emporia state university, Pittsburg state university, Fort  
12 Hays state university and Washburn university of Topeka; and

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

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

43 (f) The secretary of revenue shall submit an annual report to the

1 legislature to assist the legislature in the evaluation of the utilization of any  
2 credits claimed pursuant to this act, including information specific as to  
3 each community college, technical college or postsecondary educational  
4 institution. Such report shall be due on or before the first day of the  
5 legislative session following the tax year in which the credits were  
6 claimed.

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

9 Sec. 11. K.S.A. 2015 Supp. 40-2,103, 40-2,190, 40-2,191, 40-19c09,  
10 40-2246, 65-6731, 65-6733, 79-32,117, 79-32,138, 79-32,182b, 79-32,195  
11 and 79-32,261 are hereby repealed.

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