

SENATE BILL No. 188

By Committee on Assessment and Taxation

2-13

1 AN ACT concerning income taxation; relating to rates, determination of  
2 Kansas adjusted gross income, modifications, standard and itemized  
3 deductions; amending K.S.A. 2016 Supp. 79-32,110, 79-32,117, 79-  
4 32,119 and 79-32,120 and repealing the existing sections; also  
5 repealing K.S.A. 2016 Supp. 79-32,269.

6  
7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. 2016 Supp. 79-32,110 is hereby amended to read as  
9 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided  
10 by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed  
11 upon the Kansas taxable income of every resident individual, which tax  
12 shall be computed in accordance with the following tax schedules:

13 (1) *Married individuals filing joint returns*.

14 (A) For tax year 2012:

If the taxable income is:	The tax is:
15 Not over \$30,000.....	3.5% of Kansas taxable income
16 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess 17 over \$30,000
18 Over \$60,000.....	\$2,925 plus 6.45% of excess 19 over \$60,000

20  
21 (B) For tax year 2013:

If the taxable income is:	The tax is:
22 Not over \$30,000.....	3.0% of Kansas taxable income
23 Over \$30,000.....	\$900 plus 4.9% of excess over 24 \$30,000

25  
26 (C) For tax year 2014:

If the taxable income is:	The tax is:
27 Not over \$30,000.....	2.7% of Kansas taxable income
28 Over \$30,000.....	\$810 plus 4.8% of excess over 29 \$30,000

30  
31 (D) For tax years 2015; and 2016 and 2017:

If the taxable income is:	The tax is:
32 Not over \$30,000.....	2.7% of Kansas taxable income
33 Over \$30,000.....	\$810 plus 4.6% of excess over 34 \$30,000

35  
36 (E) ~~For tax year 2018, and all tax years thereafter:~~

1	If the taxable income is:	The tax is:
2	Not over \$30,000.....	2.6% of Kansas taxable income
3	Over \$30,000.....	\$780 plus 4.6% of excess over
4	_____	\$30,000

5 (E) For tax year 2017, and all tax years thereafter:

6	If the taxable income is:	The tax is:
7	Not over \$30,000.....	2.7% of Kansas taxable income
8	Over \$30,000 but not over \$70,000.....	\$810 plus 4.6% of excess over
9		\$30,000
10	Over \$70,000.....	\$2,650 plus 6.45% over
11		\$70,000

12 (2) All other individuals.

13 (A) For tax year 2012:

14	If the taxable income is:	The tax is:
15	Not over \$15,000.....	3.5% of Kansas taxable income
16	Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess
17		over \$15,000
18	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
19		over \$30,000

20 (B) For tax year 2013:

21	If the taxable income is:	The tax is:
22	Not over \$15,000.....	3.0% of Kansas taxable income
23	Over \$15,000.....	\$450 plus 4.9% of excess over
24		\$15,000

25 (C) For tax year 2014:

26	If the taxable income is:	The tax is:
27	Not over \$15,000.....	2.7% of Kansas taxable income
28	Over \$15,000.....	\$405 plus 4.8% of excess over
29		\$15,000

30 (D) For tax years 2015, and 2016 and 2017:

31	If the taxable income is:	The tax is:
32	Not over \$15,000.....	2.7% of Kansas taxable income
33	Over \$15,000.....	\$405 plus 4.6% of excess over
34		\$15,000

35 (E) For tax year 2018, and all tax years thereafter:

36	If the taxable income is:	The tax is:
37	Not over \$15,000.....	2.6% of Kansas taxable income
38	Over \$15,000.....	\$390 plus 4.6% of excess over
39	_____	\$15,000

40 (E) For tax year 2017, and all tax years thereafter:

41	If the taxable income is:	The tax is:
42	Not over \$15,000.....	2.7% of Kansas taxable income
43	Over \$15,000 but not over \$35,000.....	\$405 plus 4.6% of excess over

1		<i>\$15,000</i>
2	<i>Over \$35,000.....</i>	<i>\$1,325 plus 6.45% over</i>
3		<i>\$35,000</i>

4 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas  
 5 taxable income of every nonresident individual, which tax shall be an  
 6 amount equal to the tax computed under subsection (a) as if the  
 7 nonresident were a resident multiplied by the ratio of modified Kansas  
 8 source income to Kansas adjusted gross income.

9 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable  
 10 income of every corporation doing business within this state or deriving  
 11 income from sources within this state. Such tax shall consist of a normal  
 12 tax and a surtax and shall be computed as follows:

13 (1) The normal tax shall be in an amount equal to 4% of the Kansas  
 14 taxable income of such corporation; and

15 (2) (A) for tax year 2008, the surtax shall be in an amount equal to  
 16 3.1% of the Kansas taxable income of such corporation in excess of  
 17 \$50,000;

18 (B) for tax years 2009 and 2010, the surtax shall be in an amount  
 19 equal to 3.05% of the Kansas taxable income of such corporation in excess  
 20 of \$50,000; and

21 (C) for tax year 2011, and all tax years thereafter, the surtax shall be  
 22 in an amount equal to 3% of the Kansas taxable income of such  
 23 corporation in excess of \$50,000.

24 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable  
 25 income of estates and trusts at the rates provided in subsection (a)(2)  
 26 hereof.

27 ~~(e) Tax rates provided in this section shall be adjusted pursuant to the~~  
 28 ~~provisions of K.S.A. 2016 Supp. 79-32,269, and amendments thereto.~~

29 ~~(f)~~—Notwithstanding the provisions of subsections (a) and (b), for tax  
 30 year 2016, and all tax years thereafter, married individuals filing joint  
 31 returns with taxable income of \$12,500 or less, and all other individuals  
 32 with taxable income of \$5,000 or less, shall have a tax liability of zero.

33 (f) *Any taxpayer whose withholding or estimated tax payments were*  
 34 *based upon the rates as provided in subsection (a) as it appears on June*  
 35 *30, 2017, shall not be assessed penalties and interest arising from the*  
 36 *underpayment of taxes due to changes to the rates in subsection (a) that*  
 37 *became law on July 1, 2017, so long as such underpayment is rectified on*  
 38 *or before April 15, 2018.*

39 Sec. 2. K.S.A. 2016 Supp. 79-32,117 is hereby amended to read as  
 40 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
 41 means such individual's federal adjusted gross income for the taxable year,  
 42 with the modifications specified in this section.

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

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

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

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

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

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

1 (vi) Any amount of designated employee contributions picked up by  
2 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,  
3 and amendments thereto, ***and commencing in tax year 2017, and all tax***  
4 ***years thereafter, any amount of member contributions made on a pretax***  
5 ***basis pursuant to K.S.A. 74-4925, and amendments thereto.***

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

9 (viii) The amount of any costs incurred for improvements to a swine  
10 facility, claimed for deduction in determining federal adjusted gross  
11 income, to the extent the same is claimed as the basis for any credit  
12 allowed pursuant to K.S.A. 2016 Supp. 79-32,204, and amendments  
13 thereto.

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

20 (x) Amounts received as nonqualified withdrawals, as defined by  
21 K.S.A. 2016 Supp. 75-643, and amendments thereto, if, at the time of  
22 contribution to a family postsecondary education savings account, such  
23 amounts were subtracted from the federal adjusted gross income pursuant  
24 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts  
25 are not already included in the federal adjusted gross income.

26 (xi) The amount of any contribution made to the same extent the  
27 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016  
28 Supp. 74-50,154, and amendments thereto.

29 (xii) For taxable years commencing after December 31, 2004,  
30 amounts received as withdrawals not in accordance with the provisions of  
31 K.S.A. 2016 Supp. 74-50,204, and amendments thereto, if, at the time of  
32 contribution to an individual development account, such amounts were  
33 subtracted from the federal adjusted gross income pursuant to subsection  
34 (c)(xiii), or if such amounts are not already included in the federal adjusted  
35 gross income.

36 (xiii) The amount of any expenditures claimed for deduction in  
37 determining federal adjusted gross income, to the extent the same is  
38 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.  
39 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

40 (xiv) The amount of any amortization deduction claimed in  
41 determining federal adjusted gross income to the extent the same is  
42 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,221, and  
43 amendments thereto.

1 (xv) The amount of any expenditures claimed for deduction in  
2 determining federal adjusted gross income, to the extent the same is  
3 claimed as the basis for any credit allowed pursuant to K.S.A. 2016 Supp.  
4 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233  
5 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-  
6 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

7 (xvi) The amount of any amortization deduction claimed in  
8 determining federal adjusted gross income to the extent the same is  
9 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,227, 79-  
10 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments  
11 thereto.

12 (xvii) The amount of any amortization deduction claimed in  
13 determining federal adjusted gross income to the extent the same is  
14 claimed for deduction pursuant to K.S.A. 2016 Supp. 79-32,256, and  
15 amendments thereto.

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

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

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

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

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

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

25 (xxiv) For taxable years commencing after December 31, 2013, that  
26 portion of the amount of any expenditure deduction claimed in  
27 determining federal adjusted gross income for expenses paid for medical  
28 care of the taxpayer or the taxpayer's spouse or dependents when such  
29 expenses were paid or incurred for an abortion, or for a health benefit plan,  
30 as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, for the  
31 purchase of an optional rider for coverage of abortion in accordance with  
32 K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that  
33 such taxes and assessments are claimed as an itemized deduction for  
34 federal income tax purposes.

35 (xxv) For taxable years commencing after December 31, 2013, that  
36 portion of the amount of any expenditure deduction claimed in  
37 determining federal adjusted gross income for expenses paid by a taxpayer  
38 for health care when such expenses were paid or incurred for abortion  
39 coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731,  
40 and amendments thereto, when such expenses were paid or incurred for  
41 abortion coverage or amounts contributed to health savings accounts for  
42 such taxpayer's employees for the purchase of an optional rider for  
43 coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and

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

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

4 (i) Interest or dividend income on obligations or securities of any  
5 authority, commission or instrumentality of the United States and its  
6 possessions less any related expenses directly incurred in the purchase of  
7 such obligations or securities, to the extent included in federal adjusted  
8 gross income but exempt from state income taxes under the laws of the  
9 United States.

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

13 (iii) The portion of any gain or loss from the sale or other disposition  
14 of property having a higher adjusted basis for Kansas income tax purposes  
15 than for federal income tax purposes on the date such property was sold or  
16 disposed of in a transaction in which gain or loss was recognized for  
17 purposes of federal income tax that does not exceed such difference in  
18 basis, but if a gain is considered a long-term capital gain for federal  
19 income tax purposes, the modification shall be limited to that portion of  
20 such gain which is included in federal adjusted gross income.

21 (iv) The amount necessary to prevent the taxation under this act of  
22 any annuity or other amount of income or gain which was properly  
23 included in income or gain and was taxed under the laws of this state for a  
24 taxable year prior to the effective date of this act, as amended, to the  
25 taxpayer, or to a decedent by reason of whose death the taxpayer acquired  
26 the right to receive the income or gain, or to a trust or estate from which  
27 the taxpayer received the income or gain.

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

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

35 (vii) Amounts received as annuities under the federal civil service  
36 retirement system from the civil service retirement and disability fund and  
37 other amounts received as retirement benefits in whatever form which  
38 were earned for being employed by the federal government or for service  
39 in the armed forces of the United States.

40 (viii) Amounts received by retired railroad employees as a  
41 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and  
42 228c (a)(1) et seq.

43 (ix) Amounts received by retired employees of a city and by retired

1 employees of any board of such city as retirement allowances pursuant to  
2 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter  
3 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and  
4 amendments thereto.

5 (x) For taxable years beginning after December 31, 1976, the amount  
6 of the federal tentative jobs tax credit disallowance under the provisions of  
7 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the  
8 amount of the targeted jobs tax credit and work incentive credit  
9 disallowances under 26 U.S.C. § 280 C.

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

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

16 (xiii) For taxable years beginning after December 31, 2004, amounts  
17 contributed to and the amount of income earned on contributions deposited  
18 to an individual development account under K.S.A. 2016 Supp. 74-50,201  
19 et seq., and amendments thereto.

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

34 (xv) For all taxable years beginning after December 31, 2006,  
35 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a  
36 joint return, for each designated beneficiary which are contributed to a  
37 family postsecondary education savings account established under the  
38 Kansas postsecondary education savings program or a qualified tuition  
39 program established and maintained by another state or agency or  
40 instrumentality thereof pursuant to section 529 of the internal revenue  
41 code of 1986, as amended, for the purpose of paying the qualified higher  
42 education expenses of a designated beneficiary at an institution of  
43 postsecondary education. The terms and phrases used in this paragraph

1 shall have the meaning respectively ascribed thereto by the provisions of  
2 K.S.A. 2016 Supp. 75-643, and amendments thereto, and the provisions of  
3 such section are hereby incorporated by reference for all purposes thereof.

4 (xvi) For all taxable years beginning after December 31, 2004,  
5 amounts received by taxpayers who are or were members of the armed  
6 forces of the United States, including service in the Kansas army and air  
7 national guard, as a recruitment, sign up or retention bonus received by  
8 such taxpayer as an incentive to join, enlist or remain in the armed services  
9 of the United States, including service in the Kansas army and air national  
10 guard, and amounts received for repayment of educational or student loans  
11 incurred by or obligated to such taxpayer and received by such taxpayer as  
12 a result of such taxpayer's service in the armed forces of the United States,  
13 including service in the Kansas army and air national guard.

14 (xvii) For all taxable years beginning after December 31, 2004,  
15 amounts received by taxpayers who are eligible members of the Kansas  
16 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
17 281, and amendments thereto, and amounts received for death benefits  
18 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section  
19 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and  
20 amendments thereto, to the extent that such death benefits are included in  
21 federal adjusted gross income of the taxpayer.

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

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

35 (xx) For ~~all~~ taxable years beginning after December 31, 2012, *and*  
36 *ending before January 1, 2017*, the amount of any: (1) Net profit from  
37 business as determined under the federal internal revenue code and  
38 reported from schedule C and on line 12 of the taxpayer's form 1040  
39 federal individual income tax return; (2) net income, not including  
40 guaranteed payments as defined in section 707(c) of the federal internal  
41 revenue code and as reported to the taxpayer from federal schedule K-1,  
42 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal  
43 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,

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

12 (xxi) For all taxable years beginning after December 31, 2013,  
13 amounts equal to the unreimbursed travel, lodging and medical  
14 expenditures directly incurred by a taxpayer while living, or a dependent  
15 of the taxpayer while living, for the donation of one or more human organs  
16 of the taxpayer, or a dependent of the taxpayer, to another person for  
17 human organ transplantation. The expenses may be claimed as a  
18 subtraction modification provided for in this section to the extent the  
19 expenses are not already subtracted from the taxpayer's federal adjusted  
20 gross income. In no circumstances shall the subtraction modification  
21 provided for in this section for any individual, or a dependent, exceed  
22 \$5,000. As used in this section, "human organ" means all or part of a liver,  
23 pancreas, kidney, intestine, lung or bone marrow. The provisions of this  
24 paragraph shall take effect on the day the secretary of revenue certifies to  
25 the director of the budget that the cost for the department of revenue of  
26 modifications to the automated tax system for the purpose of  
27 implementing this paragraph will not exceed \$20,000.

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

40 (xxiii) For all taxable years beginning after December 31, 2012,  
41 amounts received under either the Overland Park, Kansas police  
42 department retirement plan or the Overland Park, Kansas fire department  
43 retirement plan, both as established by the city of Overland Park, pursuant

1 to the city's home rule authority.

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

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

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

14 (f) *Any taxpayer who is in compliance with the provisions of this*  
15 *section, as they appear on June 30, 2017, shall not be assessed penalties*  
16 *and interest arising from the underpayment of taxes due to changes to this*  
17 *section which became law on July 1, 2017, so long as such underpayment*  
18 *occurred prior to July 1, 2017, and is rectified on or before April 15, 2018.*

19 Sec. 3. K.S.A. 2016 Supp. 79-32,119 is hereby amended to read as  
20 follows: 79-32,119. The Kansas standard deduction of an individual,  
21 including a husband and wife who are either both residents or who file a  
22 joint return as if both were residents, shall be equal to the sum of the  
23 standard deduction amount allowed pursuant to this section, and the  
24 additional standard deduction amount allowed pursuant to this section for  
25 each such deduction allowable to such individual or to such husband and  
26 wife under the federal internal revenue code. For tax year ~~1998 through tax~~  
27 ~~year 2012~~ 2017, *and all tax years thereafter*, the standard deduction  
28 amount shall be as follows: Single individual filing status, \$3,000; married  
29 filing status, \$6,000; and head of household filing status, \$4,500. For tax  
30 year 1998, and all tax years thereafter, the additional standard deduction  
31 amount shall be as follows: Single individual and head of household filing  
32 status, \$850; and married filing status, \$700. For tax year 2013, ~~and all tax~~  
33 ~~years thereafter through tax year 2016~~, the standard deduction amount of  
34 an individual, including husband and wife who are either both residents or  
35 who file a joint return as if both were residents, shall be as follows: Single  
36 individual filing status, \$3,000; married filing status, \$7,500; and head of  
37 household filing status, \$5,500. For purposes of the foregoing, the federal  
38 standard deduction allowable to a husband and wife filing separate Kansas  
39 income tax returns shall be determined on the basis that separate federal  
40 returns were filed, and the federal standard deduction of a husband and  
41 wife filing a joint Kansas income tax return shall be determined on the  
42 basis that a joint federal income tax return was filed.

43 Sec. 4. K.S.A. 2016 Supp. 79-32,120 is hereby amended to read as

1 follows: 79-32,120. (a) (1) If federal taxable income of an individual is  
2 determined by itemizing deductions from such individual's federal  
3 adjusted gross income, such individual may elect to deduct the Kansas  
4 itemized deduction in lieu of the Kansas standard deduction.

5 (2) For the tax year commencing on January 1, 2013, the Kansas  
6 itemized deduction of an individual means 70% of the total amount of  
7 deductions from federal adjusted gross income, other than federal  
8 deductions for personal exemptions, as provided in the federal internal  
9 revenue code with the modifications specified in this section.

10 (3) For the tax year commencing on January 1, 2014, the Kansas  
11 itemized deduction of an individual means 65% of the total amount of  
12 deductions from federal adjusted gross income, other than federal  
13 deductions for personal exemptions, as provided in the federal internal  
14 revenue code with the modifications specified in this section.

15 (4) For the tax years commencing on and after January 1, 2015, *and*  
16 *ending before January 1, 2017*, the Kansas itemized deduction of an  
17 individual means the following deductions from federal adjusted gross  
18 income, other than federal deductions for personal exemptions, as  
19 provided in the federal internal revenue code with the modifications  
20 specified in this section: (A) 100% of charitable contributions that qualify  
21 as charitable contributions allowable as deductions in section 170 of the  
22 federal internal revenue code; (B) 50% of the amount of qualified  
23 residence interest as provided in section 163(h) of the federal internal  
24 revenue code; and (C) 50% of the amount of taxes on real and personal  
25 property as provided in section 164(a) of the federal internal revenue code.

26 (5) *For the tax years commencing on and after January 1, 2017, the*  
27 *Kansas itemized deduction of an individual means the total amount of*  
28 *deductions from federal adjusted gross income, other than federal*  
29 *deductions for personal exemptions, as provided in the federal internal*  
30 *revenue code with the modifications specified in this section.*

31 (b) The total amount of deductions from federal adjusted gross  
32 income shall be reduced by the total amount of income taxes imposed by  
33 or paid to this state or any other taxing jurisdiction to the extent that the  
34 same are deducted in determining the federal itemized deductions and by  
35 the amount of all depreciation deductions claimed for any real or tangible  
36 personal property upon which the deduction allowed by K.S.A. 2016  
37 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250,  
38 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

39 Sec. 5. K.S.A. 2016 Supp. 79-32,110, 79-32,117, 79-32,119, 79-  
40 32,120 and 79-32,269 are hereby repealed.

41 Sec. 6. This act shall take effect and be in force from and after its  
42 publication in the statute book.