

**SENATE BILL No. 22**

By Committee on Assessment and Taxation

1-12

1 AN ACT concerning income taxation; relating to addition and subtraction  
2 modifications for the treatment of global intangible low-taxed income,  
3 business interest, capital contributions, FDIC premiums, business meals  
4 and payment protection program loans and expenses; expanding the  
5 expense deduction for income taxpayers and calculating the deduction  
6 amount; providing the ability to elect to itemize for individuals;  
7 exemption of unemployment compensation income attributable as a  
8 result of identity fraud; ~~increasing the net operating loss for~~  
9 ~~corporations~~; amending K.S.A. 79-32,117, 79-32,120, 79-32,138, ~~79-~~  
10 ~~32,143~~ and 79-32,143a and repealing the existing sections.

11  
12 ***WHEREAS, The provisions of section 1 and the amendments made***  
13 ***to K.S.A. 79-32,117, 79-32,120, 79-32,138 and 79-32,143a, pursuant to***  
14 ***this act, shall be known and may be cited as the rebuilding employers***  
15 ***and livelihoods while investing in everyone's future (RELIEF) act.***

16 ***Now, therefore:***

17  
18 *Be it enacted by the Legislature of the State of Kansas:*

19 New Section 1. Notwithstanding any other provision of law, for any  
20 individual whose identity was fraudulently used to secure unemployment  
21 compensation, if such individual never received such compensation, such  
22 compensation shall not be considered gross income and shall not be  
23 taxable for Kansas income tax purposes after determination by the  
24 department of revenue that the benefits were obtained fraudulently by  
25 another individual.

26 Sec. 2. K.S.A. 79-32,117 is hereby amended to read as follows: 79-  
27 32,117. (a) The Kansas adjusted gross income of an individual means such  
28 individual's federal adjusted gross income for the taxable year, with the  
29 modifications specified in this section.

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

31 (i) Interest income less any related expenses directly incurred in the  
32 purchase of state or political subdivision obligations, to the extent that the  
33 same is not included in federal adjusted gross income, on obligations of  
34 any state or political subdivision thereof, but to the extent that interest  
35 income on obligations of this state or a political subdivision thereof issued  
36 prior to January 1, 1988, is specifically exempt from income tax under the

1 laws of this state authorizing the issuance of such obligations, it shall be  
2 excluded from computation of Kansas adjusted gross income whether or  
3 not included in federal adjusted gross income. Interest income on  
4 obligations of this state or a political subdivision thereof issued after  
5 December 31, 1987, shall be excluded from computation of Kansas  
6 adjusted gross income whether or not included in federal adjusted gross  
7 income.

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

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

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

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

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

41 (vii) The amount of any charitable contribution made to the extent the  
42 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
43 32,196, and amendments thereto.

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

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

11 (x) Amounts received as nonqualified withdrawals, as defined by  
12 K.S.A. 75-643, and amendments thereto, if, at the time of contribution to a  
13 family postsecondary education savings account, such amounts were  
14 subtracted from the federal adjusted gross income pursuant to K.S.A. 79-  
15 32,117(c)(xv), and amendments thereto, or if such amounts are not already  
16 included in the federal adjusted gross income.

17 (xi) The amount of any contribution made to the same extent the  
18 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-  
19 50,154, and amendments thereto.

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

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

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

35 (xv) The amount of any expenditures claimed for deduction in  
36 determining federal adjusted gross income, to the extent the same is  
37 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,223  
38 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-  
39 32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-  
40 32,251 through 79-32,254, and amendments thereto.

41 (xvi) The amount of any amortization deduction claimed in  
42 determining federal adjusted gross income to the extent the same is  
43 claimed for deduction pursuant to K.S.A. 79-32,227, 79-32,232, 79-

1 32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

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

6 (xviii) For taxable years commencing after December 31, 2006, the  
7 amount of any ad valorem or property taxes and assessments paid to a state  
8 other than Kansas or local government located in a state other than Kansas  
9 by a taxpayer who resides in a state other than Kansas, when the law of  
10 such state does not allow a resident of Kansas who earns income in such  
11 other state to claim a deduction for ad valorem or property taxes or  
12 assessments paid to a political subdivision of the state of Kansas in  
13 determining taxable income for income tax purposes in such other state, to  
14 the extent that such taxes and assessments are claimed as an itemized  
15 deduction for federal income tax purposes.

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

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

42 (xxi) For taxable years beginning after December 31, 2012, and  
43 ending before January 1, 2017, the amount of any deduction for pension,

1 profit sharing, and annuity plans of self-employed individuals under  
2 section 62(a)(6) of the federal internal revenue code as in effect on January  
3 1, 2012, and amendments thereto, in determining the federal adjusted gross  
4 income of an individual taxpayer.

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

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

15 (xxiv) For taxable years commencing after December 31, 2013, that  
16 portion of the amount of any expenditure deduction claimed in  
17 determining federal adjusted gross income for expenses paid for medical  
18 care of the taxpayer or the taxpayer's spouse or dependents when such  
19 expenses were paid or incurred for an abortion, or for a health benefit plan,  
20 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of  
21 an optional rider for coverage of abortion in accordance with K.S.A. 2020  
22 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and  
23 assessments are claimed as an itemized deduction for federal income tax  
24 purposes.

25 (xxv) 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 by a taxpayer  
28 for health care when such expenses were paid or incurred for abortion  
29 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and  
30 amendments thereto, when such expenses were paid or incurred for  
31 abortion coverage or amounts contributed to health savings accounts for  
32 such taxpayer's employees for the purchase of an optional rider for  
33 coverage of abortion in accordance with K.S.A. 2020 Supp. 40-2,190, and  
34 amendments thereto, to the extent that such taxes and assessments are  
35 claimed as a deduction for federal income tax purposes.

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

41 *(xxvii) For all taxable years commencing after December 31, ~~2019~~*  
42 *2020, the amount deducted by reason of a carryforward of disallowed*  
43 *business interest pursuant to section 163(j) of the federal internal revenue*

1 *code of 1986, as in effect on January 1, 2018.*

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

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

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

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

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

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

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

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

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

42 (ix) Amounts received by retired employees of a city and by retired  
43 employees of any board of such city as retirement allowances pursuant to

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

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

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

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

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

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

33 (xv) For all taxable years beginning after December 31, 2017, the  
34 cumulative amounts not exceeding \$3,000, or \$6,000 for a married couple  
35 filing a joint return, for each designated beneficiary that are contributed to:  
36 (1) A family postsecondary education savings account established under  
37 the Kansas postsecondary education savings program or a qualified tuition  
38 program established and maintained by another state or agency or  
39 instrumentality thereof pursuant to section 529 of the internal revenue  
40 code of 1986, as amended, for the purpose of paying the qualified higher  
41 education expenses of a designated beneficiary; or (2) an achieving a  
42 better life experience (ABLE) account established under the Kansas ABLE  
43 savings program or a qualified ABLE program established and maintained

1 by another state or agency or instrumentality thereof pursuant to section  
2 529A of the internal revenue code of 1986, as amended, for the purpose of  
3 saving private funds to support an individual with a disability. The terms  
4 and phrases used in this paragraph shall have the meaning respectively  
5 ascribed thereto by the provisions of K.S.A. 75-643 and 75-652, and  
6 amendments thereto, and the provisions of such sections are hereby  
7 incorporated by reference for all purposes thereof.

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

18 (xvii) For all taxable years beginning after December 31, 2004,  
19 amounts received by taxpayers who are eligible members of the Kansas  
20 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
21 281, and amendments thereto, and amounts received for death benefits  
22 pursuant to K.S.A. 48-282, and amendments thereto, ~~or pursuant to section~~  
23 ~~1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and~~  
24 ~~amendments thereto~~, to the extent that such death benefits are included in  
25 federal adjusted gross income of the taxpayer.

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

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

39 (xx) For taxable years beginning after December 31, 2012, and  
40 ending before January 1, 2017, the amount of any: (1) Net profit from  
41 business as determined under the federal internal revenue code and  
42 reported from schedule C and on line 12 of the taxpayer's form 1040  
43 federal individual income tax return; (2) net income, not including



1 guaranteed payments as defined in section 707(c) of the federal internal  
2 revenue code and as reported to the taxpayer from federal schedule K-1,  
3 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal  
4 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,  
5 partnerships, S corporations, estates, trusts, residual interest in real estate  
6 mortgage investment conduits and net farm rental as determined under the  
7 federal internal revenue code and reported from schedule E and on line 17  
8 of the taxpayer's form 1040 federal individual income tax return; and (3)  
9 net farm profit as determined under the federal internal revenue code and  
10 reported from schedule F and on line 18 of the taxpayer's form 1040  
11 federal income tax return; all to the extent included in the taxpayer's  
12 federal adjusted gross income. For purposes of this subsection, references  
13 to the federal form 1040 and federal schedule C, schedule E, and schedule  
14 F, shall be to such form and schedules as they existed for tax year 2011  
15 and as revised thereafter by the internal revenue service.

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

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

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

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

9 (xxv) *For all taxable years commencing after December 31,*  
10 ~~2019~~**2020**, *100% of global intangible low-taxed income under section*  
11 *951A of the federal internal revenue code of 1986, before any deductions*  
12 *allowed under section 250(a)(1)(B) of such code.*

13 (xxvi) *For all taxable years commencing after December 31,*~~2019~~  
14 **2020**, *the amount disallowed as a deduction pursuant to section 163(j) of*  
15 *the federal internal revenue code of 1986, as in effect on January 1, 2018.*

16 (xxvii) *For taxable years commencing after December 31,*~~2019~~  
17 **2020**, *the amount disallowed as a deduction pursuant to section 274 of the*  
18 *federal internal revenue code of 1986 for meal expenditures shall be*  
19 *allowed to the extent such expense was deductible for determining federal*  
20 *income tax and was allowed and in effect on December 31, 2017.*

21 (xxviii) *For taxable years commencing after December 31, 2019,*  
22 *amounts received from the paycheck protection program pursuant to*  
23 *sections 1102 and 1106 of Public Law 116-136, if such amounts were*  
24 *included in the taxpayer's federal adjusted gross income.*

25 (xxix) *For taxable years commencing after December 31, 2019, the*  
26 *amount of any expenses provided under section 276 of the consolidated*  
27 *appropriations act, 2021 and not allowed as a deduction in determining*  
28 *the federal adjusted gross income of an individual taxpayer.*

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

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

38 (f) No taxpayer shall be assessed penalties and interest from the  
39 underpayment of taxes due to changes to this section that became law on  
40 July 1, 2017, so long as such underpayment is rectified on or before April  
41 17, 2018.

42 Sec. 3. K.S.A. 79-32,120 is hereby amended to read as follows: 79-  
43 32,120. (a) (1) (A) *For all tax years prior to tax year*~~2021~~ **2020**, if federal

1 taxable income of an individual is determined by itemizing deductions  
2 from such individual's federal adjusted gross income, such individual may  
3 elect to deduct the Kansas itemized deduction in lieu of the Kansas  
4 standard deduction.

5 *(B) For tax year—2021 2020, and all tax years thereafter; an*  
6 *individual may elect to deduct the Kansas itemized deduction in lieu of the*  
7 *Kansas standard deduction, regardless of whether or not such individual's*  
8 *federal taxable income is determined by itemizing deductions from such*  
9 *individual's federal adjusted gross income.*

10 (2) For the tax year commencing on January 1, 2013, the Kansas  
11 itemized deduction of an individual means 70% 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 (3) For the tax year commencing on January 1, 2014, the Kansas  
16 itemized deduction of an individual means 65% of the total amount of  
17 deductions from federal adjusted gross income, other than federal  
18 deductions for personal exemptions, as provided in the federal internal  
19 revenue code with the modifications specified in this section.

20 (4) For the tax years commencing on and after January 1, 2015, and  
21 ending before January 1, 2018, the Kansas itemized deduction of an  
22 individual means the following deductions from federal adjusted gross  
23 income, other than federal deductions for personal exemptions, as  
24 provided in the federal internal revenue code with the modifications  
25 specified in this section: (A) 100% of charitable contributions that qualify  
26 as charitable contributions allowable as deductions in section 170 of the  
27 federal internal revenue code; (B) 50% of the amount of qualified  
28 residence interest as provided in section 163(h) of the federal internal  
29 revenue code; and (C) 50% of the amount of taxes on real and personal  
30 property as provided in section 164(a) of the federal internal revenue code.

31 (5)(3) For the tax year commencing on and after January 1, 2018, and  
32 ending before January 1, 2019, the Kansas itemized deduction of an  
33 individual means the following deductions from federal adjusted gross  
34 income, other than federal deductions for personal exemptions, as  
35 provided in the federal internal revenue code with the modifications  
36 specified in this section: (A) 100% of charitable contributions that qualify  
37 as charitable contributions allowable as deductions in section 170 of the  
38 federal internal revenue code; (B) 50% of expenses for medical care  
39 allowable as deductions in section 213 of the federal internal revenue  
40 code; (C) 50% of the amount of qualified residence interest as provided in  
41 section 163(h) of the federal internal revenue code; and (D) 50% of the  
42 amount of taxes on real and personal property as provided in section  
43 164(a) of the federal internal revenue code.

1       (6)(4) For the tax year commencing on and after January 1, 2019, and  
2 ending before January 1, 2020, the Kansas itemized deduction of an  
3 individual means the following deductions from federal adjusted gross  
4 income, other than federal deductions for personal exemptions, as  
5 provided in the federal internal revenue code with the modifications  
6 specified in this section: (A) 100% of charitable contributions that qualify  
7 as charitable contributions allowable as deductions in section 170 of the  
8 federal internal revenue code; (B) 75% of expenses for medical care  
9 allowable as deductions in section 213 of the federal internal revenue  
10 code; (C) 75% of the amount of qualified residence interest as provided in  
11 section 163(h) of the federal internal revenue code; and (D) 75% of the  
12 amount of taxes on real and personal property as provided in section  
13 164(a) of the federal internal revenue code.

14       (7)(5) For the tax years commencing on and after January 1, 2020, the  
15 Kansas itemized deduction of an individual means the following  
16 deductions from federal adjusted gross income, other than federal  
17 deductions for personal exemptions, as provided in the federal internal  
18 revenue code with the modifications specified in this section: (A) 100% of  
19 charitable contributions that qualify as charitable contributions allowable  
20 as deductions in section 170 of the federal internal revenue code; (B)  
21 100% of expenses for medical care allowable as deductions in section 213  
22 of the federal internal revenue code; (C) 100% of the amount of qualified  
23 residence interest as provided in section 163(h) of the federal internal  
24 revenue code; and (D) 100% of the amount of taxes on real and personal  
25 property as provided in section 164(a) of the federal internal revenue code.

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

34       Sec. 4. K.S.A. 79-32,138 is hereby amended to read as follows: 79-  
35 32,138. (a) Kansas taxable income of a corporation taxable under this act  
36 shall be the corporation's federal taxable income for the taxable year with  
37 the modifications specified in this section, *except that in determination of*  
38 *such federal taxable income for all taxable years commencing after*  
39 *December 31, ~~2019~~ 2020, section 118 of the federal internal revenue code*  
40 *of 1986 shall be applied as in effect on December 21, 2017.*

41       (b) There shall be added to federal taxable income:

42       (i) The same modifications as are set forth in K.S.A. 79-32,117(b),  
43 and amendments thereto, with respect to resident individuals, except

1 subsections (b)(xix), (b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii);

2 (ii) the amount of all depreciation deductions claimed for any  
3 property upon which the deduction allowed by K.S.A. 79-32,221, 79-  
4 32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-  
5 32,256, and amendments thereto, is claimed;

6 (iii) the amount of any charitable contribution deduction claimed for  
7 any contribution or gift to or for the use of any racially segregated  
8 educational institution;

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

18 (v) the amount of any charitable contribution deduction claimed for  
19 any contribution or gift made to a scholarship granting organization to the  
20 extent the same is claimed as the basis for the credit allowed pursuant to  
21 K.S.A. 72-4357, and amendments thereto; ~~and~~

22 (vi) the federal net operating loss deduction; *and*

23 (vii) *for all taxable years commencing after December 31, ~~2019~~*  
24 **2020**, *the amount of any deduction claimed under section 250(a)(1)(B) of*  
25 *the federal internal revenue code of 1986.*

26 (c) There shall be subtracted from federal taxable income:

27 (i) The same modifications as are set forth in K.S.A. 79-32,117(c),  
28 and amendments thereto, with respect to resident individuals, except  
29 subsection (c)(xx);

30 (ii) the federal income tax liability for any taxable year commencing  
31 prior to December 31, 1971, for which a Kansas return was filed after  
32 reduction for all credits thereon, except credits for payments on estimates  
33 of federal income tax, credits for gasoline and lubricating oil tax, and for  
34 foreign tax credits if, on the Kansas income tax return for such prior year,  
35 the federal income tax deduction was computed on the basis of the federal  
36 income tax paid in such prior year, rather than as accrued. Notwithstanding  
37 the foregoing, the deduction for federal income tax liability for any year  
38 shall not exceed that portion of the total federal income tax liability for  
39 such year which bears the same ratio to the total federal income tax  
40 liability for such year as the Kansas taxable income, as computed before  
41 any deductions for federal income taxes and after application of  
42 subsections (d) and (e) ~~of this section~~ as existing for such year, bears to the  
43 federal taxable income for the same year;

1 (iii) an amount for the amortization deduction allowed pursuant to  
 2 K.S.A. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-  
 3 32,250, 79-32,255 or 79-32,256, and amendments thereto;

4 (iv) for all taxable years commencing after December 31, 1987, the  
 5 amount included in federal taxable income pursuant to the provisions of  
 6 section 78 of the internal revenue code; ~~and~~

7 ~~(v) for all taxable years commencing after December 31, 1987, 80%~~  
 8 ~~of dividends from corporations incorporated outside of the United States~~  
 9 ~~or the District of Columbia which are included in federal taxable income.~~  
 10 *As used in this paragraph, "dividends" includes amounts included in*  
 11 *income under section 965 of the federal internal revenue code of 1986, net*  
 12 *of the deduction permitted by section 965(c) of the federal internal*  
 13 *revenue code of 1986. ~~For all taxable years commencing prior to January~~*  
 14 *~~1, 2020, "dividends" also includes global intangible low-taxed income~~*  
 15 *~~included in income under section 951A of the federal internal revenue~~*  
 16 *~~code of 1986, net of the deduction in section 250(a)(1)(B) of the federal~~*  
 17 *~~internal revenue code of 1986. For all taxable years commencing after~~*  
 18 *~~December 31, 2019~~ 2020, this paragraph does not apply to amounts*  
 19 *excluded from income pursuant to K.S.A. 79-32,117(c)(xxv), and*  
 20 *amendments thereto, or amounts added back pursuant to K.S.A. 79-*  
 21 *32,138(b)(vii), and amendments thereto; and*

22 (vi) *for all taxable years commencing after December 31, 2019* 2020,  
 23 *the amount disallowed as a deduction pursuant to section 162(r) of the*  
 24 *federal internal revenue code of 1986, as in effect on January 1, 2018.*

25 (d) If any corporation derives all of its income from sources within  
 26 Kansas in any taxable year commencing after December 31, 1979, its  
 27 Kansas taxable income shall be the sum resulting after application of  
 28 subsections (a) through (c) ~~hereof~~. Otherwise, such corporation's Kansas  
 29 taxable income in any such taxable year, after excluding any refunds of  
 30 federal income tax and before the deduction of federal income taxes  
 31 provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-  
 32 3271 ~~to K.S.A. through 79-3293, inclusive~~, and amendments thereto, plus  
 33 any refund of federal income tax as determined under K.S.A. 79-32,117(b)  
 34 (iv), and amendments thereto, and minus the deduction for federal income  
 35 taxes as provided by subsection (c)(ii) shall be such corporation's Kansas  
 36 taxable income.

37 (e) A corporation may make an election with respect to its first  
 38 taxable year commencing after December 31, 1982, whereby no addition  
 39 modifications as provided for in subsection (b)(ii) and subtraction  
 40 modifications as provided for in subsection (c)(iii) as those subsections  
 41 existed prior to their amendment by this act, shall be required to be made  
 42 for such taxable year.

43 ~~Sec. 5.—K.S.A. 79-32,143 is hereby amended to read as follows: 79-~~

1 32,143. (a) For net operating losses incurred in taxable years beginning  
2 after December 31, 1987 *Except as otherwise provided in subsection (h)*, a  
3 net operating loss deduction shall be allowed in the same manner that it is  
4 allowed under the federal internal revenue code except that such net  
5 operating loss may only be carried forward to each of the 10 taxable years  
6 following the taxable year of the net operating loss. For net operating farm  
7 losses, as defined by subsection (i) of section 172(i) of the federal internal  
8 revenue code, incurred in taxable years beginning after December 31,  
9 1999, a net operating loss deduction shall be allowed in the same manner  
10 that it is allowed under the federal internal revenue code except that such  
11 net operating loss may be carried forward to each of the 10 taxable years  
12 following the taxable year of the net operating loss. The amount of the net  
13 operating loss that may be carried back or forward for Kansas income tax  
14 purposes shall be that portion of the federal net operating loss allocated to  
15 Kansas under this act in the taxable year that the net operating loss is  
16 sustained.

17 (b) The amount of the loss to be carried back or forward will be the  
18 federal net operating loss after: (1) All modifications required under this  
19 act applicable to the net loss in the year the loss was incurred; and (2) after  
20 apportionment as to source in the case of corporations, nonresident  
21 individuals for losses incurred in taxable years beginning prior to January  
22 1, 1978, and nonresident estates and trusts in the same manner that income  
23 for such corporations, nonresident individuals, estates and trusts is  
24 required to be apportioned.

25 (c) If a net operating loss was incurred in a taxable year beginning  
26 prior to January 1, 1988, the amount of the net operating loss that may be  
27 carried back and carried forward and the period for which it may be  
28 carried back and carried forward shall be determined under the provisions  
29 of the Kansas income tax laws which were in effect during the year that  
30 such net operating loss was incurred.

31 (d) If any portion of a net operating loss described in subsections (a)  
32 and (b) is not utilized prior to the final year of the carryforward period  
33 provided in subsection (a), a refund shall be allowable in such final year in  
34 an amount equal to the refund which would have been allowable in the  
35 taxable year the loss was incurred by utilizing the three year carryback  
36 provided under K.S.A. 79-32,143, as in effect on December 31, 1987,  
37 multiplied by a fraction, the numerator of which is the unused portion of  
38 such net operating loss in the final year, and the denominator of which is  
39 the amount of such net operating loss which could have been carried back  
40 to the three years immediately preceding the year in which the loss was  
41 incurred. In no event may such fraction exceed 1.

42 (e) Notwithstanding any other provisions of the Kansas income tax  
43 act, the net operating loss as computed under subsections (a), (b) and (c) of

1 this section shall be allowed in full in determining Kansas taxable income  
2 or at the option of the taxpayer allowed in full in determining Kansas  
3 adjusted gross income.

4 (f) ~~No refund of income tax which results from a net operating farm  
5 loss carry back shall be allowed in an amount exceeding \$1,500 in any  
6 year. Any overpayment in excess of \$1,500 may be carried forward to any  
7 year or years after the year of the loss and may be claimed as a credit  
8 against the tax. The refundable portion of such credit shall not exceed  
9 \$1,500 in any year.~~

10 (g) For tax year 2013, and all tax years thereafter, a net operating loss  
11 allowed by this section shall only be available to taxpayers subject to the  
12 income tax on corporations imposed pursuant to subsection (e) of K.S.A.  
13 79-32,110(e), and amendments thereto, and used only to determine such  
14 taxpayer's corporate income tax liability.

15 ~~(h) For tax years 2018, 2019 and 2020, the net operating loss,  
16 including the calculation of any carry forward or carry back, shall be  
17 equal and be determined by the federal net operating loss provided for in  
18 the CARES act Public Law 116-136.~~

19 Sec.-6- 5. K.S.A. 79-32,143a is hereby amended to read as follows:  
20 79-32,143a. (a) For taxable years beginning after December 31, ~~2011~~  
21 ~~2020~~, a taxpayer may elect to take an expense deduction from Kansas net  
22 income before expensing or recapture allocated or apportioned to this state  
23 for the cost of the following property placed in service in this state during  
24 the taxable year: (1) Tangible property eligible for depreciation under the  
25 modified accelerated cost recovery system in section 168 of the internal  
26 revenue code, as amended, but not including residential rental property,  
27 nonresidential real property, any railroad grading or tunnel bore or any  
28 other property with an applicable recovery period in excess of 25 years as  
29 defined under section 168(c) or (g) of the internal revenue code, as  
30 amended; and (2) computer software as defined in section 197(e)(3)(B)  
31 of the internal revenue code, as amended, and as described in section 197(e)  
32 (3)(A)(i) of the internal revenue code, as amended, to which section 167 of  
33 the internal revenue code, as amended, applies. If such election is made,  
34 the amount of expense deduction for such cost shall equal the difference  
35 between the depreciable cost of such property for federal income tax  
36 purposes and the *sum of the* amount of bonus depreciation being claimed  
37 for such property pursuant to section 168(k) *and the amount of expensing*  
38 *deduction being claimed for such property pursuant to section 179* of the  
39 internal revenue code, as amended, for federal income tax purposes in such  
40 tax year, ~~but without regard to any expense deduction being claimed for~~  
41 ~~such property under section 179 of the internal revenue code, as amended,~~  
42 multiplied by the applicable factor, determined by using, the table  
43 provided in subsection (f), based on the method of depreciation selected



1 pursuant to section 168(b)(1), (2), or (3) or (g) of the internal revenue  
2 code, as amended, and the applicable recovery period for such property as  
3 defined under section 168(c) or (g) of the internal revenue code, as  
4 amended. This election shall be made by the due date of the original  
5 return, including any extensions, and may be made only for the taxable  
6 year in which the property is placed in service, and once made, shall be  
7 irrevocable. ~~If the section 179 expense deduction election has been made~~  
8 ~~for federal income tax purposes for any asset, the applicable factor to be~~  
9 ~~utilized is in the IRC § 168 (b)(1) column of the table provided in~~  
10 ~~subsection (f) for the applicable recovery period of the respective assets.~~

11 (b) If the amount of expense deduction calculated pursuant to  
12 subsection (a) exceeds the taxpayer's Kansas net income before expensing  
13 or recapture allocated or apportioned to this state, such excess amount  
14 shall be treated as a Kansas net operating loss as provided in K.S.A. 79-  
15 32,143, and amendments thereto.

16 (c) If the property for which an expense deduction is taken pursuant  
17 to subsection (a) is subsequently sold during the applicable recovery  
18 period for such property as defined under section 168(c) of the internal  
19 revenue code, as amended, and in a manner that would cause recapture of  
20 any previously taken expense or depreciation deductions for federal  
21 income tax purposes, or if the situs of such property is otherwise changed  
22 such that the property is relocated outside the state of Kansas during such  
23 applicable recovery period, then the expense deduction determined  
24 pursuant to subsection (a) shall be subject to recapture and treated as  
25 Kansas taxable income allocated to this state. The amount of recapture  
26 shall be the Kansas expense deduction determined pursuant to subsection  
27 (a) multiplied by a fraction, the numerator of which is the number of years  
28 remaining in the applicable recovery period for such property as defined  
29 under section 168(c) or (g) of the internal revenue code, as amended, after  
30 such property is sold or removed from the state including the year of such  
31 disposition, and the denominator of which is the total number of years in  
32 such applicable recovery period.

33 (d) The situs of tangible property for purposes of claiming and  
34 recapture of the expense deduction shall be the physical location of such  
35 property. If such property is mobile, the situs shall be the physical location  
36 of the business operations from where such property is used or based. The  
37 situs of computer software shall be apportioned to Kansas based on the  
38 fraction, the numerator of which is the number of the taxpayer's users  
39 located in Kansas of licenses for such computer software used in the active  
40 conduct of the taxpayer's business operations, and the denominator of  
41 which is the total number of the taxpayer's users of the licenses for such  
42 computer software used in the active conduct of the taxpayer's business  
43 operations everywhere.

1 (e) Any member of a unitary group filing a combined report may  
 2 elect to take an expense deduction pursuant to subsection (a) for an  
 3 investment in property made by any member of the combined group,  
 4 provided that the amount calculated pursuant to subsection (a) may only be  
 5 deducted from the Kansas net income before expensing or recapture  
 6 allocated to or apportioned to this state by such member making the  
 7 election.

8 (f) The following table shall be used in determining the expense  
 9 deduction calculated pursuant to subsection (a):

Factors				
	IRC§168	IRC§168(b)(1)	IRC§168(b)(2)	IRC§168(b)(3) or (g)
	Recover Period	Depreciation	Depreciation	Depreciation
	(year)	Method	Method	Method
14	2.5	*	.077	.092
15	3	.075	.091	.106
16	3.5	*	.102	.116
17	4	*	.114	.129
18	5	.116	.135	.150
19	6	*	.154	.170
20	6.5	*	.163	.179
21	7	.151	.173	.190
22	7.5	*	.181	.199
23	8	*	.191	.208
24	8.5	*	.199	.217
25	9	*	.208	.226
26	9.5	*	.216	.235
27	10	.198	.224	.244
28	10.5	*	.232	.252
29	11	*	.240	.261
30	11.5	*	.248	.269
31	12	*	.256	.277
32	12.5	*	.263	.285
33	13	*	.271	.293
34	13.5	*	.278	.300
35	14	*	.285	.308
36	15	*	.299	.323
37	16	*	.313	.337
38	16.5	*	.319	.344
39	17	*	.326	.351
40	18	*	.339	.365
41	19	*	.351	.378
42	20	*	.363	.391
43	22	*	.386	.415
44	24	*	.408	.438

1           25                           \*                           .419                           .449

2 \*Not Applicable

3       (g) If a taxpayer elects to expense any investment pursuant to  
 4 subsection (a), such taxpayer shall not be eligible for any tax credit,  
 5 accelerated depreciation, or deduction for such investment allowed  
 6 pursuant to K.S.A. 79-32,160a(e), 79-32,182b, 79-32,201, 79-32,204, 79-  
 7 32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-32,227, 79-  
 8 32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-32,246, 79-  
 9 32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258, and amendments  
 10 thereto.

11       (h) (1) For tax year 2013, the deduction allowed by this section shall  
 12 only be available to taxpayers subject to the income tax on corporations  
 13 imposed pursuant to ~~subsection (e) of~~ K.S.A. 79-32,110(c), and  
 14 amendments thereto, and used only to determine such taxpayer's corporate  
 15 income tax liability.

16       (2) For tax ~~year~~ *years* 2014, ~~and all tax years thereafter~~ *through 2020*,  
 17 the deduction allowed by this section shall only be available to taxpayers  
 18 subject to the income tax on corporations imposed pursuant to ~~subsection~~  
 19 ~~(e) of~~ K.S.A. 79-32,110(c), and amendments thereto, or the privilege tax  
 20 imposed upon any national banking association, state bank, savings bank,  
 21 trust company or savings and loan association pursuant to article 11 of  
 22 chapter 79 of the Kansas Statutes Annotated, and amendments thereto, and  
 23 used only to determine such taxpayer's corporate income or privilege tax  
 24 liability.

25       (i) *For tax year 2021, and all tax years thereafter, the deduction*  
 26 *allowed by this section shall be available to all taxpayers subject to the*  
 27 *income tax imposed pursuant to K.S.A. 79-32,110, and amendments*  
 28 *thereto, or the privilege tax imposed upon any national banking*  
 29 *association, state bank, savings bank, trust company or savings and loan*  
 30 *association pursuant to article 11 of chapter 79 of the Kansas Statutes*  
 31 *Annotated, and amendments thereto, and used only to determine such*  
 32 *taxpayer's income or privilege tax liability.*

33       Sec. ~~7.~~ **6.** K.S.A. 79-32,117, 79-32,120, 79-32,138, ~~79-32,143~~ and 79-  
 34 32,143a are hereby repealed.

35       Sec. ~~8.~~ **7.** This act shall take effect and be in force from and after its  
 36 publication in the statute book.