

SENATE BILL No. 494

By Committee on Assessment and Taxation

2-8

1 AN ACT concerning adoption; relating to the expenses thereof; enacting
2 the adoption savings account act; allowing individuals to establish
3 adoption savings accounts with certain financial institutions; providing
4 eligible expenses, requirements and restrictions for such accounts;
5 requiring the secretary of revenue to adopt certain rules and
6 regulations; granting nonexclusive marketing authority to the state
7 treasurer; establishing addition and subtraction modifications for
8 contributions to such accounts under the Kansas income tax act;
9 amending K.S.A. 2023 Supp. 79-32,117 and repealing the existing
10 section.

11

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

13 New Section 1. The provisions of sections 1 through 7, and
14 amendments thereto, shall be known and may be cited as the adoption
15 savings account act.

16 New Sec. 2. As used in this act:

17 (a) "Act" means the adoption savings account act.

18 (b) "Account" or "adoption savings account" means an individual
19 savings account established in accordance with the provisions of this act.

20 (c) "Account holder" means an individual who establishes an account
21 that is designated as an adoption savings account pursuant to the
22 provisions of section 3, and amendments thereto, with a financial
23 institution.

24 (d) "Designated beneficiary" means the individual designated by an
25 account holder pursuant to the provisions of section 3, and amendments
26 thereto, as the individual whose eligible expenses are expected to be paid
27 from the account for the adoption of a child in this state.

28 (e) "Eligible expenses" means:

29 (1) Reasonable fees for legal and other professional services rendered
30 in connection with an adoption or placement for adoption not to exceed
31 customary fees for similar services by professionals of equivalent
32 experience and reputation where the services are performed;

33 (2) reasonable fees of a licensed child-placing agency;

34 (3) actual and necessary expenses incidental to the adoption or
35 placement proceeding;

36 (4) actual medical expenses of the mother attributable to pregnancy

1 and birth;

2 (5) actual medical expenses of the child; and

3 (6) reasonable living expenses of the mother that are incurred during
4 or as a result of the pregnancy.

5 (f) "Financial institution" means any state or federally chartered bank,
6 trust company, savings and loan association or credit union that is:

7 (1) Authorized to do business in this state; and

8 (2) insured by the federal deposit insurance corporation or the
9 national credit union administration.

10 (g) "Secretary" means the secretary of revenue.

11 New Sec. 3. (a) On and after July 1, 2025, any individual may open
12 an account with a financial institution and designate the account, in its
13 entirety, as an adoption savings account to be used to pay or reimburse a
14 designated beneficiary's eligible expenses for the adoption of a child in this
15 state. An individual may be the account holder of multiple accounts and an
16 individual may jointly own the account with another individual if such
17 individuals file a joint income tax return. An account holder shall comply
18 with the requirements of this act to be eligible for the modifications set
19 forth in K.S.A. 79-32,117, and amendments thereto.

20 (b) (1) An account holder shall designate, not later than April 15 of
21 the year following the taxable year during which the account is
22 established, a prospective adoptive parent as the designated beneficiary of
23 the account. Nothing in this section shall prohibit an account holder from
24 designating such account holder as the designated beneficiary of an
25 account. An account holder may change the designated beneficiary at any
26 time, but no account shall have more than one designated beneficiary at
27 any time. An individual may be designated as the designated beneficiary of
28 more than one account if such accounts are held by separate account
29 holders. No account holder shall be authorized to designate the same
30 designated beneficiary on multiple accounts held by such account owner.

31 (2) The naming of a designated beneficiary shall not create a
32 survivorship interest in the account for such designated beneficiary. In the
33 event of the death of an account holder, the balance of such account shall
34 be paid to the payable on death beneficiary in accordance with K.S.A. 9-
35 1215, and amendments thereto, or, in the absence of a named payable on
36 death beneficiary, in accordance with the provisions of the Kansas probate
37 code.

38 (c) (1) The following limits apply to an account established pursuant
39 to this act:

40 (A) The maximum contribution to an account in any tax year shall be
41 \$3,000 for an individual and \$6,000 for a married couple filing a joint
42 return;

43 (B) the maximum amount of all contributions into an account in all

1 tax years shall be \$24,000 for an individual and \$48,000 for a married
2 couple filing a joint return; and

3 (C) the maximum total amount in an account shall be \$50,000.

4 (2) If a limit in paragraph (1) is exceeded, then thereafter all interest
5 or other income earned on the investment of moneys in an account shall be
6 subject to the tax imposed by the Kansas income tax act.

7 (3) Moneys may remain in an account for an unlimited duration
8 without the interest or income being subject to recapture or penalty.

9 (d) The account holder shall not use moneys in an account to pay
10 expenses of administering the account, except that a service fee may be
11 deducted from the account by a financial institution. The account holder
12 shall be responsible for maintaining documentation for the account and for
13 eligible expenses related to the designated beneficiary's adoption of a child
14 in this state.

15 New Sec. 4. (a) The moneys in an adoption savings account may be:

16 (1) Used for eligible expenses related to a designated beneficiary's
17 adoption of a child in this state;

18 (2) used for eligible expenses that would have qualified pursuant to
19 paragraph (1) but the adoption was not completed;

20 (3) transferred to another newly created account;

21 (4) invested in certificates of deposit; and

22 (5) used to pay service fees assessed by the financial institution.

23 (b) Moneys withdrawn from an account shall be subject to recapture
24 by the secretary in the tax year in which they were withdrawn if:

25 (1) At the time of the withdrawal, it has been less than a year since
26 the first deposit in the account; or

27 (2) the moneys are used for any purpose other than the expenses or
28 transactions authorized pursuant to subsection (a)(1).

29 (c) Moneys that are subject to recapture shall be an amount equal to
30 the moneys withdrawn from an account and shall be added to the Kansas
31 adjusted gross income pursuant to K.S.A. 79-32,117(b), and amendments
32 thereto, of the account holder or, if the account holder is no longer living,
33 the designated beneficiary. If any moneys are subject to recapture, the
34 account holder shall pay a penalty in the following amounts:

35 (1) If the withdrawal of moneys occurred 10 or less years after the
36 first deposit in the account, 5% of the amount subject to recapture; and

37 (2) if the withdrawal of moneys occurred more than 10 years after the
38 first deposit in the account, 10% of the amount subject to recapture.

39 (d) The penalties provided in subsection (c) shall not apply if the
40 withdrawn moneys are:

41 (1) Used for eligible expenses related to a designated beneficiary's
42 adoption outside of this state; or

43 (2) from an account after the death of the designated beneficiary, and

1 the account holder did not designate a new designated beneficiary during
2 the same tax year.

3 (e) If the account holder dies or, if the account is jointly owned and
4 the account owners die, and the account does not have a surviving payable
5 on death beneficiary, then all of the moneys in the account resulting from
6 contributions or income earned from assets in the account shall be subject
7 to recapture in the tax year of the death or deaths pursuant to K.S.A. 79-
8 32,117, and amendments thereto, but no penalty shall be assessed pursuant
9 to subsection (c).

10 New Sec. 5. (a) The secretary shall establish forms for an account
11 holder to annually report information about any accounts held by such
12 account holder. An account holder shall annually file with the account
13 holder's state income tax return all forms required by the secretary under
14 this section, the form 1099 for the account issued by the financial
15 institution and any other supporting documentation the secretary requires.

16 (b) Prior to July 1, 2025, the secretary shall adopt rules and
17 regulations necessary to administer the provisions of this act.

18 New Sec. 6. (a) No financial institution shall be required to:

19 (1) Designate an account as an adoption savings account or designate
20 the beneficiaries of an account in the financial institution's account
21 contracts or systems or in any other way;

22 (2) track the use of moneys withdrawn from an account; or

23 (3) report any information to the department of revenue or any other
24 governmental agency that is not otherwise required by law.

25 (b) No financial institution shall be responsible or liable for:

26 (1) Determining or ensuring that an account holder is eligible for a
27 Kansas adjusted gross income modification pursuant to K.S.A. 79-32,117,
28 and amendments thereto;

29 (2) determining or ensuring that moneys in the account are used for
30 eligible expenses; or

31 (3) reporting or remitting taxes or penalties related to the use of
32 account moneys.

33 (c) A financial institution may rely on such financial institution's
34 account records for determining a payable on death beneficiary for an
35 adoption savings account. If the payable on death beneficiary in a financial
36 institution's account records conflicts with the designated beneficiary on
37 any form required by the secretary pursuant to this act, the payable on
38 death beneficiary in such financial institution's account records shall
39 control.

40 New Sec. 7. The state treasurer may have nonexclusive authority to
41 market the adoption savings account program to account holders and
42 financial institutions throughout the state and may report on the marketing
43 initiatives in the state treasurer's office annual report.

1 Sec. 8. K.S.A. 2023 Supp. 79-32,117 is hereby amended to read as
2 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
3 means such individual's federal adjusted gross income for the taxable year,
4 with the modifications specified in this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 service.

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

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

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

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

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

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

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

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

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

13 (xxviii) For all taxable years beginning after December 31, 2021, the
14 amount of any contributions to, or earnings from, a first-time home buyer
15 savings account if distributions from the account were not used to pay for
16 expenses or transactions authorized pursuant to K.S.A. 2023 Supp. 58-
17 4904, and amendments thereto, or were not held for the minimum length
18 of time required pursuant to K.S.A. 2023 Supp. 58-4904, and amendments
19 thereto. Contributions to, or earnings from, such account shall also include
20 any amount resulting from the account holder not designating a surviving
21 payable on death beneficiary pursuant to K.S.A. 2023 Supp. 58-4904(e),
22 and amendments thereto.

23 *(xxix) For all taxable years beginning after December 31, 2024, the*
24 *amount of any contributions to, or earnings from, an adoption savings*
25 *account if distributions from the account were not used to pay for expenses*
26 *or transactions authorized pursuant to section 4, and amendments thereto,*
27 *or were not held for the minimum length of time required pursuant to*
28 *section 4, and amendments thereto. Contributions to, or earnings from,*
29 *such account shall also include any amount resulting from the account*
30 *holder not designating a surviving payable on death beneficiary pursuant*
31 *to section 4(e), and amendments thereto.*

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

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

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

42 (iii) The portion of any gain or loss from the sale or other disposition
43 of property having a higher adjusted basis for Kansas income tax purposes

1 than for federal income tax purposes on the date such property was sold or
2 disposed of in a transaction in which gain or loss was recognized for
3 purposes of federal income tax that does not exceed such difference in
4 basis, but if a gain is considered a long-term capital gain for federal
5 income tax purposes, the modification shall be limited to that portion of
6 such gain which is included in federal adjusted gross income.

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

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

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

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

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

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

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

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

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

1 and amendments thereto.

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

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

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

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

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

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

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

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

25 (xx) For taxable years beginning after December 31, 2012, and
26 ending before January 1, 2017, the amount of any: (1) Net profit from
27 business as determined under the federal internal revenue code and
28 reported from schedule C and on line 12 of the taxpayer's form 1040
29 federal individual income tax return; (2) net income, not including
30 guaranteed payments as defined in section 707(c) of the federal internal
31 revenue code and as reported to the taxpayer from federal schedule K-1,
32 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
33 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
34 partnerships, S corporations, estates, trusts, residual interest in real estate
35 mortgage investment conduits and net farm rental as determined under the
36 federal internal revenue code and reported from schedule E and on line 17
37 of the taxpayer's form 1040 federal individual income tax return; and (3)
38 net farm profit as determined under the federal internal revenue code and
39 reported from schedule F and on line 18 of the taxpayer's form 1040
40 federal income tax return; all to the extent included in the taxpayer's
41 federal adjusted gross income. For purposes of this subsection, references
42 to the federal form 1040 and federal schedule C, schedule E, and schedule
43 F, shall be to such form and schedules as they existed for tax year 2011

1 and as revised thereafter by the internal revenue service.

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

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

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

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

38 (xxv) For all taxable years commencing after December 31, 2020,
39 100% of global intangible low-taxed income under section 951A of the
40 federal internal revenue code of 1986, before any deductions allowed
41 under section 250(a)(1)(B) of such code.

42 (xxvi) For all taxable years commencing after December 31, 2020,
43 the amount disallowed as a deduction pursuant to section 163(j) of the

1 federal internal revenue code of 1986, as in effect on January 1, 2018.

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

7 (xxviii) For all taxable years beginning after December 31, 2021: (1)
8 The amount contributed to a first-time home buyer savings account
9 pursuant to K.S.A. 2023 Supp. 58-4903, and amendments thereto, in an
10 amount not to exceed \$3,000 for an individual or \$6,000 for a married
11 couple filing a joint return; or (2) amounts received as income earned from
12 assets in a first-time home buyer savings account.

13 (xxix) *For all taxable years beginning after December 31, 2024: (1)*
14 *The amount contributed to an adoption savings account pursuant to*
15 *section 3, and amendments thereto, in an amount not to exceed \$3,000 for*
16 *an individual or \$6,000 for a married couple filing a joint return; or (2)*
17 *amounts received as income earned from assets in an adoption savings*
18 *account.*

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

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

28 Sec. 9. K.S.A. 2023 Supp. 79-32,117 is hereby repealed.

29 Sec. 10. This act shall take effect and be in force from and after its
30 publication in the statute book.