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NOTICE 26-07

INCOME TAX SUBTRACTION MODIFICATION FOR QUALIFIED HEALTH CARE SHARING EXPENSES AND QUALIFIED HEALTH CARE SHARES RECEIVED

(JULY 1, 2026)

During the 2026 Legislative Session Senate Bill 368 was passed and enacted as the Governor's veto was overridden. New Sections 1 through 3 of the Bill compose the Health Care Sharing Ministries Tax Deduction Act. Section 4 of the Bill amends K.S.A. 79-32,117, which provides a new income tax subtraction modification for qualified health care sharing expenses and for health care shares received and used for medical expenses.

New Section 1 provides the new act shall be known and may be cited as the health care sharing ministries tax deduction act.

New Section 2 provides definitions that are used in the act including: (a) "Health care sharing ministry"; (b) "Qualified health care share received"; (c) Qualified health care sharing expenses"; and (d) "Qualified individual".

New Section 3(a) provides that, for all taxable years beginning after December 31, 2026, a qualified individual taxpayer is allowed to subtract from their federal adjusted gross income an amount equal to the total amount of qualified healthcare sharing expenses they paid during the taxable year, as provided in K.S.A. 79-32,117(c). The subtraction modification is only allowed to the extent such amounts are not already subtracted or deducted from the taxpayer's federal adjusted gross income. The subtraction modification cannot exceed $5,000 for an individual or $10,000 for a married couple filing a joint return.

New Section 3(b) provides that, for all taxable years beginning after December 31, 2026, any qualified health care share received by a qualified individual taxpayer during the taxable year and used for medical expenses shall not be considered taxable income for Kansas income tax purposes. If such qualified health care share received is treated as income for federal income tax purposes and is included in the taxpayer's federal adjusted gross income, the taxpayer will be allowed to subtract an amount equal to the amount of the qualified health care share received from their federal adjusted gross income as provided in K.S.A. 79-32,117(c). The subtraction modification is only allowed to the extent such amounts are included in the taxpayer's federal adjusted gross income and are not already subtracted or deducted from the taxpayer's federal adjusted gross income.

New Section 3(c) provides the subtraction modification is to be claimed on the taxpayer's annual Kansas income tax return, in the manner prescribed by the Department of Revenue, and that the taxpayer shall provide the Department any information or documentation the Department determines is necessary to determine eligibility and calculate the amount of the subtraction modification. Forms and/or instructions regarding the way this information or documentation is to be provided to the Department will be developed and posted to the Department's website: **www.ksrevenue.gov**.

Section 4 amends K.S.A. 79-32,117(c) to add the new subtraction modification (c)(xxxi). The new subtraction modification incorporates the terms, conditions, and limitations of New Section 3(a) and 3(b) to determine the amount of the subtraction modification to be allowed.

Taxpayer Assistance

Additional copies of this notice, forms or publications are available from our web site, www.ksrevenue.gov. If you have questions about this Notice, please contact:

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