FIRST REGULAR SESSION

SENATE BILL NO. 504

91ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR LOUDON.

Read 1st time February 15, 2001, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

1768S.01I

AN ACT

To repeal sections 143.111 and 143.113, RSMo 2000, relating to income tax deductions for health insurance costs, and to enact in lieu thereof four new sections relating to the same subject.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 143.111 and 143.113, RSMo 2000, are repealed and four new sections enacted in lieu thereof, to be known as sections 143.111, 143.113, 143.842 and 143.843, to read as follows:

143.111. The Missouri taxable income of a resident shall be such resident's Missouri adjusted gross income less:

(1) Either the Missouri standard deduction or the Missouri itemized deduction;

(2) The Missouri deduction for personal exemptions;

(3) The Missouri deduction for dependency exemptions;

(4) The deduction for federal income taxes provided in section 143.171; **[**and**]**

(5) The deduction for a self-employed individual's health insurance costs provided in section 143.113**;**

(6) The deduction for medical care expenses not reimbursed by insurance or otherwise provided in section 143.842.

143.113. 1. For all taxable years beginning on or after January 1, 2000, an individual taxpayer who is an employee within the meaning of Section 401(c)(1) of the Internal Revenue Code of 1986, as amended, shall be allowed to subtract from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income an amount equal to the amount which the taxpayer has paid during the taxable year for insurance which constitutes medical care for the taxpayer, the taxpayer's spouse, and dependents to the extent that such amounts qualify as deductible pursuant

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

to Section 162(l) of the Internal Revenue Code of 1986, as amended, for the same taxable year**[**, and shall only be deductible to the extent that such amounts are not deducted on the taxpayer's federal income tax return for that taxable year**]**.

2. The director of the department of revenue shall promulgate rules and regulations to administer the provisions of this section. No rule or portion of a rule promulgated pursuant to the authority of this section shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo.

143.842. 1. For all taxable years beginning on or after January 1, 2002, an individual taxpayer, as defined in 26 U.S.C. 152, as amended, shall be allowed to subtract from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income an amount equal to the amount which the taxpayer has paid during the taxable year for medical care, not compensated for by insurance or otherwise, for the taxpayer, the taxpayer's spouse, and dependents. As used in this section, the term "medical care" shall be the same as defined pursuant to Section 213 of the Internal Revenue Code of 1986, as amended.

2. The director of the department of revenue shall promulgate rules and regulations to administer the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2001, shall be invalid and void.

143.843. Moneys from the Missouri healthy families trust fund shall be used for the deductions and adjustments allowed pursuant to sections 143.111, 143.113 and 143.842.

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