

SECOND REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 661**  
96TH GENERAL ASSEMBLY

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Reported from the Committee on Jobs, Economic Development and Local Government, March 29, 2012, with recommendation that the Senate Committee Substitute do pass.

5177S.03C

TERRY L. SPIELER, Secretary.

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**AN ACT**

To repeal section 143.071, RSMo, and to enact in lieu thereof two new sections relating to the taxation of business income.

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

Section A. Section 143.071, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 143.013 and 143.071, to read as follows:

**143.013. 1. As used in this section, "business income" means income greater than zero arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. "Business income" shall not include "compensation" as such term is defined under subsection 1 of Article IV of section 32.200.**

**2. In addition to all other modifications allowed by law, there shall be subtracted from the federal adjusted gross income of an individual taxpayer, the following amounts to the extent included in federal adjusted gross income when determining the taxpayer's Missouri adjusted gross income:**

**(1) For the tax year beginning on or after January 1, 2012, but before January 1, 2013, five percent of the amount of business income;**

**(2) For the tax year beginning on or after January 1, 2013, but before January 1, 2014, ten percent of the amount of business income;**

**(3) For the tax year beginning on or after January 1, 2014, but before January 1, 2015, fifteen percent of the amount of business**

20 **income;**

21 **(4) For the tax year beginning on or after January 1, 2015, but**  
22 **before January 1, 2016, twenty percent of the amount of business**  
23 **income;**

24 **(5) For tax years beginning on or after January 1, 2016, twenty-**  
25 **five percent of the amount of business income.**

26 **3. In the case of a small corporation described in section 143.471**  
27 **or a partnership, computing the deduction allowed under subsection 2**  
28 **of this section, taxpayers described in subdivisions (1) or (2) of this**  
29 **subsection shall be allowed such deduction apportioned in proportion**  
30 **to their share of ownership of the business on the last day of the**  
31 **taxpayer's tax period for which such deduction is being claimed when**  
32 **determining the Missouri adjusted gross income of:**

33 **(1) The shareholders of a small corporation as described in**  
34 **section 143.471;**

35 **(2) The partners in a partnership.**

143.071. 1. For all tax years beginning before September 1, 1993, a tax  
2 is hereby imposed upon the Missouri taxable income of corporations in an amount  
3 equal to five percent of Missouri taxable income.

4 2. For all tax years beginning on or after September 1, 1993, **but before**  
5 **January 1, 2012**, a tax is hereby imposed upon the Missouri taxable income of  
6 corporations in an amount equal to six and one-fourth percent of Missouri taxable  
7 income.

8 **3. For the tax year beginning on or after January 1, 2012, but**  
9 **before January 1, 2013**, a tax is hereby imposed upon the Missouri  
10 **taxable income of corporations in an amount equal to five and five-**  
11 **eighths percent of Missouri taxable income.**

12 **4. For the tax year beginning on or after January 1, 2013, but**  
13 **before January 1, 2014**, a tax is hereby imposed upon the Missouri  
14 **taxable income of corporations in an amount equal to five percent of**  
15 **Missouri taxable income.**

16 **5. For the tax year beginning on or after January 1, 2014, but**  
17 **before January 1, 2015**, a tax is hereby imposed upon the Missouri  
18 **taxable income of corporations in an amount equal to four and three-**  
19 **eighths percent of Missouri taxable income.**

20 **6. For the tax year beginning on or after January 1, 2015, but**  
21 **before January 1, 2016**, a tax is hereby imposed upon the Missouri

22 **taxable income of corporations in an amount equal to three and three-**  
23 **fourths percent of Missouri taxable income.**

24 **7. For all tax years beginning on or after January 1, 2016, a tax**  
25 **is hereby imposed upon the Missouri taxable income of corporations in**  
26 **an amount equal to three and one-eighth percent of Missouri taxable**  
27 **income.**

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