

SENATE AMENDMENT NO. _____

Offered by _____ of _____

Amend SS/SCS/Senate Bill No. 120, Page 5, Section 105.1204, Line 7,

2 by inserting after all of said line the following:

3 "143.121. 1. The Missouri adjusted gross income of a
4 resident individual shall be the taxpayer's federal adjusted
5 gross income subject to the modifications in this section.

6 2. There shall be added to the taxpayer's federal
7 adjusted gross income:

8 (1) The amount of any federal income tax refund
9 received for a prior year which resulted in a Missouri
10 income tax benefit. The amount added pursuant to this
11 subdivision shall not include any amount of a federal income
12 tax refund attributable to a tax credit reducing a
13 taxpayer's federal tax liability pursuant to Public Law 116-
14 136, enacted by the 116th United States Congress, for the
15 tax year beginning on or after January 1, 2020, and ending
16 on or before December 31, 2020, and deducted from Missouri
17 adjusted gross income pursuant to section 143.171;

18 (2) Interest on certain governmental obligations
19 excluded from federal gross income by 26 U.S.C. Section 103
20 of the Internal Revenue Code, as amended. The previous
21 sentence shall not apply to interest on obligations of the
22 state of Missouri or any of its political subdivisions or
23 authorities and shall not apply to the interest described in
24 subdivision (1) of subsection 3 of this section. The amount
25 added pursuant to this subdivision shall be reduced by the
26 amounts applicable to such interest that would have been

deductible in computing the taxable income of the taxpayer except only for the application of 26 U.S.C. Section 265 of the Internal Revenue Code, as amended. The reduction shall only be made if it is at least five hundred dollars;

(3) The amount of any deduction that is included in the computation of federal taxable income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job Creation and Worker Assistance Act of 2002 to the extent the amount deducted relates to property purchased on or after July 1, 2002, but before July 1, 2003, and to the extent the amount deducted exceeds the amount that would have been deductible pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code of 1986 as in effect on January 1, 2002;

(4) The amount of any deduction that is included in the computation of federal taxable income for net operating loss allowed by 26 U.S.C. Section 172 of the Internal Revenue Code of 1986, as amended, other than the deduction allowed by 26 U.S.C. Section 172(b)(1)(G) and 26 U.S.C. Section 172(i) of the Internal Revenue Code of 1986, as amended, for a net operating loss the taxpayer claims in the tax year in which the net operating loss occurred or carries forward for a period of more than twenty years and carries backward for more than two years. Any amount of net operating loss taken against federal taxable income but disallowed for Missouri income tax purposes pursuant to this subdivision after June 18, 2002, may be carried forward and taken against any income on the Missouri income tax return for a period of not more than twenty years from the year of the initial loss; and

(5) For nonresident individuals in all taxable years ending on or after December 31, 2006, the amount of any property taxes paid to another state or a political

subdivision of another state for which a deduction was allowed on such nonresident's federal return in the taxable year unless such state, political subdivision of a state, or the District of Columbia allows a subtraction from income for property taxes paid to this state for purposes of calculating income for the income tax for such state, political subdivision of a state, or the District of Columbia;

(6) For all tax years beginning on or after January 1, 2018, any interest expense paid or accrued in a previous taxable year, but allowed as a deduction under 26 U.S.C. Section 163, as amended, in the current taxable year by reason of the carryforward of disallowed business interest provisions of 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section 163(j), as amended, did not exist.

3. There shall be subtracted from the taxpayer's federal adjusted gross income the following amounts to the extent included in federal adjusted gross income:

(1) Interest received on deposits held at a federal reserve bank or interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent exempt from Missouri income taxes pursuant to the laws of the United States. The amount subtracted pursuant to this subdivision shall be reduced by any interest on indebtedness incurred to carry the described obligations or securities and by any expenses incurred in the production of interest or dividend income described in this subdivision. The reduction in the previous sentence

shall only apply to the extent that such expenses including amortizable bond premiums are deducted in determining the taxpayer's federal adjusted gross income or included in the taxpayer's Missouri itemized deduction. The reduction shall only be made if the expenses total at least five hundred dollars;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis to the taxpayer for Missouri income tax purposes than for federal income tax purposes on December 31, 1972, that does not exceed such difference in basis. If a gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to one-half of such portion of the gain;

(3) The amount necessary to prevent the taxation pursuant to this chapter of any annuity or other amount of income or gain which was properly included in income or gain and was taxed pursuant to the laws of Missouri for a taxable year prior to January 1, 1973, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain;

(4) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the extent that the same are included in federal adjusted gross income;

(5) The amount of any state income tax refund for a prior year which was included in the federal adjusted gross income;

(6) The portion of capital gain specified in section 135.357 that would otherwise be included in federal adjusted gross income;

(7) The amount that would have been deducted in the computation of federal taxable income pursuant to 26 U.S.C.

Section 168 of the Internal Revenue Code as in effect on January 1, 2002, to the extent that amount relates to property purchased on or after July 1, 2002, but before July 1, 2003, and to the extent that amount exceeds the amount actually deducted pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job Creation and Worker Assistance Act of 2002;

(8) For all tax years beginning on or after January 1, 2005, the amount of any income received for military service while the taxpayer serves in a combat zone which is included in federal adjusted gross income and not otherwise excluded therefrom. As used in this section, "combat zone" means any area which the President of the United States by Executive Order designates as an area in which Armed Forces of the United States are or have engaged in combat. Service is performed in a combat zone only if performed on or after the date designated by the President by Executive Order as the date of the commencing of combat activities in such zone, and on or before the date designated by the President by Executive Order as the date of the termination of combatant activities in such zone;

(9) For all tax years ending on or after July 1, 2002, with respect to qualified property that is sold or otherwise disposed of during a taxable year by a taxpayer and for which an additional modification was made under subdivision (3) of subsection 2 of this section, the amount by which additional modification made under subdivision (3) of subsection 2 of this section on qualified property has not been recovered through the additional subtractions provided in subdivision (7) of this subsection;

(10) For all tax years beginning on or after January 1, 2014, the amount of any income received as payment from any program which provides compensation to agricultural

producers who have suffered a loss as the result of a disaster or emergency, including the:

- (a) Livestock Forage Disaster Program;
- (b) Livestock Indemnity Program;
- (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;

- (d) Emergency Conservation Program;
- (e) Noninsured Crop Disaster Assistance Program;
- (f) Pasture, Rangeland, Forage Pilot Insurance Program;
- (g) Annual Forage Pilot Program;
- (h) Livestock Risk Protection Insurance Plan; [and]
- (i) Livestock Gross Margin Insurance Plan; [and]
- (11) For all tax years beginning on or after January 1, 2018, any interest expense paid or accrued in the current taxable year, but not deducted as a result of the limitation imposed under 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section 163(j), as amended, did not exist; and

- (12) One hundred percent of any retirement benefits received by any taxpayer as a result of the taxpayer's service in the Armed Forces of the United States, including reserve components and the National Guard of this state, as defined in 32 U.S.C. Sections 101(3) and 109, and any other military force organized under the laws of this state.

4. There shall be added to or subtracted from the taxpayer's federal adjusted gross income the taxpayer's share of the Missouri fiduciary adjustment provided in section 143.351.

190 5. There shall be added to or subtracted from the
191 taxpayer's federal adjusted gross income the modifications
192 provided in section 143.411.

193 6. In addition to the modifications to a taxpayer's
194 federal adjusted gross income in this section, to calculate
195 Missouri adjusted gross income there shall be subtracted
196 from the taxpayer's federal adjusted gross income any gain
197 recognized pursuant to 26 U.S.C. Section 1033 of the
198 Internal Revenue Code of 1986, as amended, arising from
199 compulsory or involuntary conversion of property as a result
200 of condemnation or the imminence thereof.

201 7. (1) As used in this subsection, "qualified health
202 insurance premium" means the amount paid during the tax year
203 by such taxpayer for any insurance policy primarily
204 providing health care coverage for the taxpayer, the
205 taxpayer's spouse, or the taxpayer's dependents.

206 (2) In addition to the subtractions in subsection 3 of
207 this section, one hundred percent of the amount of qualified
208 health insurance premiums shall be subtracted from the
209 taxpayer's federal adjusted gross income to the extent the
210 amount paid for such premiums is included in federal taxable
211 income. The taxpayer shall provide the department of
212 revenue with proof of the amount of qualified health
213 insurance premiums paid.

214 8. (1) Beginning January 1, 2014, in addition to the
215 subtractions provided in this section, one hundred percent
216 of the cost incurred by a taxpayer for a home energy audit
217 conducted by an entity certified by the department of
218 natural resources under section 640.153 or the
219 implementation of any energy efficiency recommendations made
220 in such an audit shall be subtracted from the taxpayer's
221 federal adjusted gross income to the extent the amount paid
222 for any such activity is included in federal taxable

income. The taxpayer shall provide the department of revenue with a summary of any recommendations made in a qualified home energy audit, the name and certification number of the qualified home energy auditor who conducted the audit, and proof of the amount paid for any activities under this subsection for which a deduction is claimed. The taxpayer shall also provide a copy of the summary of any recommendations made in a qualified home energy audit to the department of natural resources.

(2) At no time shall a deduction claimed under this subsection by an individual taxpayer or taxpayers filing combined returns exceed one thousand dollars per year for individual taxpayers or cumulatively exceed two thousand dollars per year for taxpayers filing combined returns.

(3) Any deduction claimed under this subsection shall be claimed for the tax year in which the qualified home energy audit was conducted or in which the implementation of the energy efficiency recommendations occurred. If implementation of the energy efficiency recommendations occurred during more than one year, the deduction may be claimed in more than one year, subject to the limitations provided under subdivision (2) of this subsection.

(4) A deduction shall not be claimed for any otherwise eligible activity under this subsection if such activity qualified for and received any rebate or other incentive through a state-sponsored energy program or through an electric corporation, gas corporation, electric cooperative, or municipally owned utility.

9. The provisions of subsection 8 of this section shall expire on December 31, 2020.

143.124. 1. Other provisions of law to the contrary notwithstanding, for tax years ending on or before December 31, 2006, the total amount of all annuities, pensions, or

retirement allowances above the amount of six thousand dollars annually provided by any law of this state, the United States, or any other state to any person except as provided in subsection 4 of this section, shall be subject to tax pursuant to the provisions of this chapter, in the same manner, to the same extent and under the same conditions as any other taxable income received by the person receiving it. For purposes of this section, "annuity, pension, retirement benefit, or retirement allowance" shall be defined as an annuity, pension or retirement allowance provided by the United States, this state, any other state or any political subdivision or agency or institution of this or any other state. For all tax years beginning on or after January 1, 1998, for purposes of this section, annuity, pension or retirement allowance shall be defined to include 401(k) plans, deferred compensation plans, self-employed retirement plans, also known as Keogh plans, annuities from a defined pension plan and individual retirement arrangements, also known as IRAs, as described in the Internal Revenue Code, but not including Roth IRAs, as well as an annuity, pension or retirement allowance provided by the United States, this state, any other state or any political subdivision or agency or institution of this or any other state. An individual taxpayer shall only be allowed a maximum deduction equal to the amounts provided under this section for each taxpayer on the combined return.

2. For the period beginning July 1, 1989, and ending December 31, 1989, there shall be subtracted from Missouri adjusted gross income for that period, determined pursuant to section 143.121, the first three thousand dollars of retirement benefits received by each taxpayer:

(1) If the taxpayer's filing status is single, head of household or qualifying widow(er) and the taxpayer's Missouri adjusted gross income is less than twelve thousand five hundred dollars; or

(2) If the taxpayer's filing status is married filing combined and their combined Missouri adjusted gross income is less than sixteen thousand dollars; or

(3) If the taxpayer's filing status is married filing separately and the taxpayer's Missouri adjusted gross income is less than eight thousand dollars.

3. For the tax years beginning on or after January 1, 1990, but ending on or before December 31, 2006, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of the first six thousand dollars of retirement benefits received by each taxpayer from sources other than privately funded sources, and for tax years beginning on or after January 1, 1998, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of the first one thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 1998, but before January 1, 1999, and a maximum of the first three thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 1999, but before January 1, 2000, and a maximum of the first four thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 2000, but before January 1, 2001, and a maximum of the first five thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 2001, but before January 1, 2002, and a maximum of the first six thousand

dollars of any retirement allowance received from any privately funded sources for tax years beginning on or after January 1, 2002. A taxpayer shall be entitled to the maximum exemption provided by this subsection:

(1) If the taxpayer's filing status is single, head of household or qualifying widow(er) and the taxpayer's Missouri adjusted gross income is less than twenty-five thousand dollars; or

(2) If the taxpayer's filing status is married filing combined and their combined Missouri adjusted gross income is less than thirty-two thousand dollars; or

(3) If the taxpayer's filing status is married filing separately and the taxpayer's Missouri adjusted gross income is less than sixteen thousand dollars.

4. If a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling for such taxpayer's filing status, as provided in subdivisions (1), (2) and (3) of subsection 3 of this section, such taxpayer shall be entitled to an exemption equal to the greater of zero or the maximum exemption provided in subsection 3 of this section reduced by one dollar for every dollar such taxpayer's income exceeds the ceiling for his or her filing status.

5. For purposes of this subsection, the term "maximum Social Security benefit available" shall mean thirty-two thousand five hundred dollars for the tax year beginning on or after January 1, 2007, and for each subsequent tax year such amount shall be increased by the percentage increase in the Consumer Price Index for All Urban Consumers, or its successor index, as such index is defined and officially reported by the United States Department of Labor, or its successor agency. For the tax year beginning on or after January 1, 2007, but ending on or before December 31, 2007, there shall be subtracted from Missouri adjusted gross

354 income, determined pursuant to section 143.121, a maximum of
355 an amount equal to the greater of: six thousand dollars in
356 retirement benefits received from sources other than
357 privately funded sources, to the extent such benefits are
358 included in the taxpayer's federal adjusted gross income; or
359 twenty percent of the retirement benefits received from
360 sources other than privately funded sources in the tax year,
361 but not to exceed the maximum Social Security benefit
362 available for such tax year. For the tax year beginning on
363 or after January 1, 2008, but ending on or before December
364 31, 2008, there shall be subtracted from Missouri adjusted
365 gross income, determined pursuant to section 143.121, a
366 maximum of an amount equal to the greater of: six thousand
367 dollars in retirement benefits received from sources other
368 than privately funded sources, to the extent such benefits
369 are included in the taxpayer's federal adjusted gross
370 income; or thirty-five percent of the retirement benefits
371 received from sources other than privately funded sources in
372 the tax year, but not to exceed the maximum Social Security
373 benefit available for such tax year. For the tax year
374 beginning on or after January 1, 2009, but ending on or
375 before December 31, 2009, there shall be subtracted from
376 Missouri adjusted gross income, determined pursuant to
377 section 143.121, a maximum of an amount equal to the greater
378 of: six thousand dollars in retirement benefits received
379 from sources other than privately funded sources, to the
380 extent such benefits are included in the taxpayer's federal
381 adjusted gross income; or fifty percent of the retirement
382 benefits received from sources other than privately funded
383 sources in the tax year, but not to exceed the maximum
384 Social Security benefit available for such tax year. For
385 the tax year beginning on or after January 1, 2010, but
386 ending on or before December 31, 2010, there shall be

387 subtracted from Missouri adjusted gross income, determined
388 pursuant to section 143.121, a maximum of an amount equal to
389 the greater of: six thousand dollars in retirement benefits
390 received from sources other than privately funded sources,
391 to the extent such benefits are included in the taxpayer's
392 federal adjusted gross income; or sixty-five percent of the
393 retirement benefits received from sources other than
394 privately funded sources in the tax year, but not to exceed
395 the maximum Social Security benefit available for such tax
396 year. For the tax year beginning on or after January 1,
397 2011, but ending on or before December 31, 2011, there shall
398 be subtracted from Missouri adjusted gross income,
399 determined pursuant to section 143.121, a maximum of an
400 amount equal to the greater of: six thousand dollars in
401 retirement benefits received from sources other than
402 privately funded sources, to the extent such benefits are
403 included in the taxpayer's federal adjusted gross income; or
404 eighty percent of the retirement benefits received from
405 sources other than privately funded sources in the tax year,
406 but not to exceed the maximum Social Security benefit
407 available for such tax year. For all tax years beginning on
408 or after January 1, 2012, there shall be subtracted from
409 Missouri adjusted gross income, determined pursuant to
410 section 143.121, a maximum of an amount equal to one hundred
411 percent of the retirement benefits received from sources
412 other than privately funded sources in the tax year, but not
413 to exceed the maximum Social Security benefit available for
414 such tax year. A taxpayer shall be entitled to the maximum
415 exemption provided by this subsection:

416 (1) If the taxpayer's filing status is married filing
417 combined, and their combined Missouri adjusted gross income
418 is equal to or less than one hundred thousand dollars; or

419 (2) If the taxpayer's filing status is single, head of
420 household, qualifying widow(er), or married filing
421 separately, and the taxpayer's Missouri adjusted gross
422 income is equal to or less than eighty-five thousand dollars.

423 6. If a taxpayer's adjusted gross income exceeds the
424 adjusted gross income ceiling for such taxpayer's filing
425 status, as provided in subdivisions (1) and (2) of
426 subsection 5 of this section, such taxpayer shall be
427 entitled to an exemption, less any applicable reduction
428 provided under subsection 7 of this section, equal to the
429 greater of zero or the maximum exemption provided in
430 subsection 5 of this section reduced by one dollar for every
431 dollar such taxpayer's income exceeds the ceiling for his or
432 her filing status.

433 7. For purposes of calculating the subtraction
434 provided in subsection 5 of this section, such subtraction
435 shall be decreased by an amount equal to any Social Security
436 benefit exemption provided under section 143.125.

437 8. For purposes of this section, any Social Security
438 benefits otherwise included in Missouri adjusted gross
439 income shall be subtracted; but Social Security benefits
440 shall not be subtracted for purposes of other computations
441 pursuant to this chapter, and are not to be considered as
442 retirement benefits for purposes of this section.

443 9. The provisions of subdivisions (1) and (2) of
444 subsection 3 of this section shall apply during all tax
445 years in which the federal Internal Revenue Code provides
446 exemption levels for calculation of the taxability of Social
447 Security benefits that are the same as the levels in
448 subdivisions (1) and (2) of subsection 3 of this section.
449 If the exemption levels for the calculation of the
450 taxability of Social Security benefits are adjusted by
451 applicable federal law or regulation, the exemption levels

in subdivisions (1) and (2) of subsection 3 of this section shall be accordingly adjusted to the same exemption levels.

10. The portion of a taxpayer's lump sum distribution from an annuity or other retirement plan not otherwise included in Missouri adjusted gross income as calculated pursuant to this chapter but subject to taxation under Internal Revenue Code Section 402 shall be taxed in an amount equal to ten percent of the taxpayer's federal liability on such distribution for the same tax year.

11. For purposes of this section, retirement benefits received shall not include any withdrawals from qualified retirement plans which are subsequently rolled over into another retirement plan.

12. The exemptions provided for in this section shall not affect the calculation of the income to be used to determine the property tax credit provided in sections 135.010 to 135.035.

13. The exemptions provided for in this section shall apply to any annuity, pension, or retirement allowance as defined in subsection 1 of this section to the extent that such amounts are included in the taxpayer's federal adjusted gross income and not otherwise deducted from the taxpayer's federal adjusted gross income in the calculation of Missouri taxable income. This subsection shall not apply to any individual who qualifies under federal guidelines to be one hundred percent disabled.

[14. In addition to all other subtractions authorized in this section, for all tax years beginning on or after January 1, 2010, there shall be subtracted from Missouri adjusted gross income, determined under section 143.121, any retirement benefits received by any taxpayer as a result of the taxpayer's service in the Armed Forces of the United States, including reserve components and the National Guard

485 of this state, as defined in Sections 101(3) and 109 of
486 Title 32, United States Code, and any other military force
487 organized under the laws of this state, to the extent such
488 benefits are included in the taxpayer's federal adjusted
489 gross income and not otherwise deducted from the taxpayer's
490 federal adjusted gross income in the calculation of Missouri
491 taxable income. Such retirement benefits shall be
492 subtracted as provided in the following schedule:

493 (1) For the tax year beginning on January 1, 2010,
494 fifteen percent of such retirement benefits;

495 (2) For the tax year beginning on January 1, 2011,
496 thirty percent of such retirement benefits;

497 (3) For the tax year beginning on January 1, 2012,
498 forty-five percent of such retirement benefits;

499 (4) For the tax year beginning on January 1, 2013,
500 sixty percent of such retirement benefits;

501 (5) For the tax year beginning on January 1, 2014,
502 seventy-five percent of such retirement benefits;

503 (6) For the tax year beginning on January 1, 2015,
504 ninety percent of such retirement benefits;

505 (7) For tax years beginning on or after January 1,
506 2016, one hundred percent of such retirement benefits.]" and

507 Further amend the title and enacting clause accordingly.