

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILLS NOS. 599 & 531

90TH GENERAL ASSEMBLY

Reported from the Committee on Ways and Means, February 17, 2000, with recommendation that the Senate Committee Substitute do pass.

2992S.02C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal section 143.171, RSMo 1994, and section 143.111, RSMo Supp. 1999, relating to certain income tax deductions, and to enact in lieu thereof three new sections relating to the same subject, with an effective date.

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

Section A. Section 143.171, RSMo 1994, and section 143.111, RSMo Supp. 1999, are repealed and three new sections enacted in lieu thereof, to be known as sections 143.111, 143.125 and 143.171, to read as follows: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; and

(6) the deduction for tuition, attendance fees or school supplies provided in section 143.125.

143.125. In addition to the amounts to be subtracted from a resident's Missouri adjusted gross income to determine Missouri taxable income under the provisions of section 143.111, there shall be subtracted the amount the taxpayer has paid to others for each dependent in grades nine through twelve, for tuition, attendance fees, or school supplies or transportation costs for or on behalf of each dependent in attending

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

a secondary school situated in Missouri, up to a maximum of two thousand five hundred dollars for each dependent.

143.171. 1. For all tax years beginning before January 1, 1994, for an individual taxpayer and for all tax years beginning before September 1, 1993, for a corporate taxpayer, the taxpayer shall be allowed a deduction for his federal income tax liability under chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages), section 27 (tax of foreign country and United States possessions), and section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).

2. For all tax years beginning on or after January 1, 1994, an individual taxpayer shall be allowed a deduction for his federal income tax liability under chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed, not to exceed five thousand dollars on a single taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages), section 27 (tax of foreign country and United States possessions), and section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).

3. For all tax years beginning on or after September 1, 1993, a corporate taxpayer shall be allowed a deduction for fifty percent of its federal income tax liability under chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages), section 27 (tax of foreign country and United States possessions), and section 34 (tax on certain uses of gasoline, special fuels and lubricating oils).

4. If a federal income tax liability for a tax year prior to the applicability of sections 143.011 to 143.996 for which he was not previously entitled to a Missouri deduction is later paid or accrued, he may deduct the federal tax in the later year to the extent it would have been deductible if paid or accrued in the prior year.

5. A corporate taxpayer shall be allowed a deduction for the amount the taxpayer has paid to others for any pupil or pupils in grades nine through twelve for tuition or attendance fees and direct expenses including but not limited to book fees, necessary supplies, and transportation costs for or on behalf of any pupil or pupils attending a secondary school situated in Missouri, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, up to a maximum of two thousand five hundred dollars for any pupil.

Section B. The repeal and reenactment of sections 143.111 and 143.171, and the enactment

of section 143.125, shall become effective on January 1, 2001, and shall apply to all taxable years beginning after December 31, 2000.

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Bill

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