

SECOND EXTRAORDINARY SESSION

SENATE BILL NO. 2

92ND GENERAL ASSEMBLY

INTRODUCED BY SENATORS GOODE AND RUSSELL.

Read 1st time September 8, 2003, and ordered printed.

TERRY L. SPIELER, Secretary.

2341S.01I

AN ACT

To repeal section 143.181, RSMo, and to enact in lieu thereof one new section relating to nonresident income tax, with an emergency clause.

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

Section A. Section 143.181, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.181, to read as follows:

143.181. 1. The Missouri nonresident adjusted gross income shall be that part of the nonresident individual's federal adjusted gross income derived from sources within Missouri, as modified in the same manner as set forth in section 143.121 with respect to resident individuals, shall be the sum of:

(1) The net amount of items of income, gain, loss, and deduction entering into his or her federal adjusted gross income which are derived from or connected with sources in this state including:

(a) The individual's distributive share of partnership income and deductions determined under section 143.421; and

(b) The individual's share of estate or trust income and deductions determined under section 143.391; and

(c) The individual's pro rata share of S corporation income and deductions determined under subsection 3 of section 143.471; and

(2) The portion of the modifications described in section 143.121 which relate to income derived from sources in this state, including any modifications attributable to him or her as a partner.

2. Items of income, gain, loss, and deduction derived from or connected with sources

within this state are those items attributable to:

- (1) The ownership or disposition of any interest in real or tangible personal property in this state;
- (2) A business, trade, profession, or occupation carried on in this state;
- (3) Winnings from a wager placed in a lottery conducted by the state lottery commission, if the proceeds from such wager are required, pursuant to the Internal Revenue Code of 1986, as amended, or regulations adopted thereunder, to be reported by the state lottery commission to the Internal Revenue Service; and
- (4) Winnings from any other wager placed in this state or from any wagering transaction, gaming activity, or gambling activity in this state, if the proceeds from such wager, wagering transaction, gaming activity, or gambling activity are required, pursuant to the Internal Revenue Code of 1986, as amended, or regulations adopted thereunder, to be reported by the payer to the Internal Revenue Service.

3. Income from intangible personal property, including annuities, dividends, interest, and gains from the disposition of intangible personal property, shall constitute income derived from sources within this state only to the extent that such income is from:

- (1) Property employed in a business, trade, profession, or occupation carried on in this state;
- (2) Winnings from a wager placed in a lottery conducted by the state lottery commission, if the proceeds from such wager are required, pursuant to the Internal Revenue Code of 1986, as amended, or regulations adopted thereunder, to be reported by the state lottery commission to the Internal Revenue Service; and
- (3) Winnings from any other wager placed in this state or from any wagering transaction, gaming activity, or gambling activity in this state, if the proceeds from such wager, wagering transaction, gaming activity, or gambling activity are required, pursuant to the Internal Revenue Code of 1986, as amended, or regulations adopted thereunder, to be reported by the payer to the Internal Revenue Service.

4. Deductions with respect to capital losses, net long-term capital gains, and net operation losses shall be based solely on income, gains, losses, and deductions derived from sources within this state in the same manner as the corresponding federal deductions under regulations to be prescribed by the director of revenue.

5. If a business, trade, profession, or occupation is carried on partly within and partly without this state, the items of income and deduction derived from or connected with sources within this state shall be determined by apportionment and allocation under regulations to be prescribed by the director of revenue.

6. Compensation paid by the United States for service in the armed forces of the United States performed by a nonresident shall not constitute income derived from sources within this

state.

7. The amount of any property taxes paid to another state for which a deduction was allowed on a nonresident's federal return in the taxable year.

Section B. Because of the immediate need to increase state revenues, section A of this act is deemed necessary for the immediate preservation of the public health, welfare, peace and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and section A of this act shall be in full force and effect as of January 1, 2004.

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