

FIRST REGULAR SESSION

SENATE BILL NO. 146

96TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHMITT.

Read 1st time January 19, 2011, and ordered printed.

TERRY L. SPIELER, Secretary.

0568S.011

AN ACT

To amend chapter 143, RSMo, by adding thereto one new section relating to a business income deduction for income tax purposes.

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

Section A. Chapter 143, RSMo, is amended by adding thereto one new section, to be known as section 143.013, 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. The provisions of this chapter notwithstanding, a percentage of the Missouri taxable income of a corporation shall be exempt from taxation under this chapter as follows:

(1) For the tax year beginning on or after January 1, 2011, but before December 31, 2011, ten percent of the corporation's Missouri taxable income;

(2) For the tax year beginning on or after January 1, 2012, but before December 31, 2012, twenty percent of the corporation's Missouri taxable income;

(3) For the tax year beginning on or after January 1, 2013, but before December 31, 2013, thirty percent of the corporation's Missouri taxable income;

(4) For the tax year beginning on or after January 1, 2014, but

22 before December 31, 2014, forty percent of the corporation's Missouri
23 taxable income;

24 (5) For tax years beginning on or after January 1, 2015, fifty
25 percent of the corporation's Missouri taxable income.

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

31 (1) For the tax year beginning on or after January 1, 2011, but
32 before December 31, 2011, ten percent of the amount of business
33 income;

34 (2) For the tax year beginning on or after January 1, 2012, but
35 before December 31, 2012, twenty percent of the amount of business
36 income;

37 (3) For the tax year beginning on or after January 1, 2013, but
38 before December 31, 2013, thirty percent of the amount of business
39 income;

40 (4) For the tax year beginning on or after January 1, 2014, but
41 before December 31, 2014, forty percent of the amount of business
42 income;

43 (5) For tax years beginning on or after January 1, 2015, fifty
44 percent of the amount of business income.

45 4. In the case of a small corporation described in section 143.471
46 or a partnership, computing the deduction allowed under subsection 3
47 of this section, taxpayers described in subdivisions (1) or (2) of this
48 subsection shall be allowed such deduction apportioned in proportion
49 to their share of ownership of the business on the last day of the
50 taxpayer's tax period for which such deduction is being claimed when
51 determining the Missouri adjusted gross income of:

52 (1) The shareholders of a small corporation as described in
53 section 143.471;

54 (2) The partners in a partnership.