

**SENATE AMENDMENT NO. \_\_\_\_\_**

Offered by \_\_\_\_\_ of \_\_\_\_\_

Amend SS/SCS/Senate Bills Nos. 26, et al., Page 12, Section 143.071, Line 5

2 of said page, by inserting immediately after said line the  
3 following:

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

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

9 (1) The amount of any federal income tax refund received  
10 for a prior year which resulted in a Missouri income tax benefit;

11 (2) Interest on certain governmental obligations excluded  
12 from federal gross income by Section 103 of the Internal Revenue  
13 Code. The previous sentence shall not apply to interest on  
14 obligations of the state of Missouri or any of its political  
15 subdivisions or authorities and shall not apply to the interest  
16 described in subdivision (1) of subsection 3 of this section.

17 The amount added pursuant to this subdivision shall be reduced by  
18 the amounts applicable to such interest that would have been  
19 deductible in computing the taxable income of the taxpayer except  
20 only for the application of Section 265 of the Internal Revenue  
21 Code. The reduction shall only be made if it is at least five  
22 hundred dollars;

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

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

24           (5) For nonresident individuals in all taxable years ending  
25 on or after December 31, 2006, the amount of any property taxes  
26 paid to another state or a political subdivision of another state  
27 for which a deduction was allowed on such nonresident's federal  
28 return in the taxable year unless such state, political  
29 subdivision of a state, or the District of Columbia allows a

1 subtraction from income for property taxes paid to this state for  
2 purposes of calculating income for the income tax for such state,  
3 political subdivision of a state, or the District of Columbia.

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

7 (1) Interest or dividends on obligations of the United  
8 States and its territories and possessions or of any authority,  
9 commission or instrumentality of the United States to the extent  
10 exempt from Missouri income taxes pursuant to the laws of the  
11 United States. The amount subtracted pursuant to this  
12 subdivision shall be reduced by any interest on indebtedness  
13 incurred to carry the described obligations or securities and by  
14 any expenses incurred in the production of interest or dividend  
15 income described in this subdivision. The reduction in the  
16 previous sentence shall only apply to the extent that such  
17 expenses including amortizable bond premiums are deducted in  
18 determining the taxpayer's federal adjusted gross income or  
19 included in the taxpayer's Missouri itemized deduction. The  
20 reduction shall only be made if the expenses total at least five  
21 hundred dollars;

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

29 (3) The amount necessary to prevent the taxation pursuant

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

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

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

13 (6) The portion of capital gain specified in section  
14 135.357 that would otherwise be included in federal adjusted  
15 gross income;

16 (7) The amount that would have been deducted in the  
17 computation of federal taxable income pursuant to Section 168 of  
18 the Internal Revenue Code as in effect on January 1, 2002, to the  
19 extent that amount relates to property purchased on or after July  
20 1, 2002, but before July 1, 2003, and to the extent that amount  
21 exceeds the amount actually deducted pursuant to Section 168 of  
22 the Internal Revenue Code as amended by the Job Creation and  
23 Worker Assistance Act of 2002;

24 (8) For all tax years beginning on or after January 1,  
25 2005, the amount of any income received for military service  
26 while the taxpayer serves in a combat zone which is included in  
27 federal adjusted gross income and not otherwise excluded  
28 therefrom. As used in this section, "combat zone" means any area  
29 which the President of the United States by Executive Order

1 designates as an area in which Armed Forces of the United States  
2 are or have engaged in combat. Service is performed in a combat  
3 zone only if performed on or after the date designated by the  
4 President by Executive Order as the date of the commencing of  
5 combat activities in such zone, and on or before the date  
6 designated by the President by Executive Order as the date of the  
7 termination of combatant activities in such zone; [and]

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

16 (10) An amount equal to three thousand dollars for any  
17 taxpayer that has previous military service in a combat zone and  
18 if discharged, under honorable conditions.

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

22 5. There shall be added to or subtracted from the  
23 taxpayer's federal adjusted gross income the modifications  
24 provided in section 143.411.

25 6. In addition to the modifications to a taxpayer's federal  
26 adjusted gross income in this section, to calculate Missouri  
27 adjusted gross income there shall be subtracted from the  
28 taxpayer's federal adjusted gross income any gain recognized  
29 pursuant to Section 1033 of the Internal Revenue Code of 1986, as

1 amended, arising from compulsory or involuntary conversion of  
2 property as a result of condemnation or the imminence thereof.

3 7. (1) As used in this subsection, "qualified health  
4 insurance premium" means the amount paid during the tax year by  
5 such taxpayer for any insurance policy primarily providing health  
6 care coverage for the taxpayer, the taxpayer's spouse, or the  
7 taxpayer's dependents.

8 (2) In addition to the subtractions in subsection 3 of this  
9 section, one hundred percent of the amount of qualified health  
10 insurance premiums shall be subtracted from the taxpayer's  
11 federal adjusted gross income to the extent the amount paid for  
12 such premiums is included in federal taxable income. The  
13 taxpayer shall provide the department of revenue with proof of  
14 the amount of qualified health insurance premiums paid.

15 8. (1) Beginning January 1, 2009, in addition to the  
16 subtractions provided in this section, one hundred percent of the  
17 cost incurred by a taxpayer for a home energy audit conducted by  
18 an entity certified by the department of natural resources under  
19 section 640.153 or the implementation of any energy efficiency  
20 recommendations made in such an audit shall be subtracted from  
21 the taxpayer's federal adjusted gross income to the extent the  
22 amount paid for any such activity is included in federal taxable  
23 income. The taxpayer shall provide the department of revenue  
24 with a summary of any recommendations made in a qualified home  
25 energy audit, the name and certification number of the qualified  
26 home energy auditor who conducted the audit, and proof of the  
27 amount paid for any activities under this subsection for which a  
28 deduction is claimed. The taxpayer shall also provide a copy of  
29 the summary of any recommendations made in a qualified home

1 energy audit to the department of natural resources.

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

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

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

21 9. The provisions of subsection 8 of this section shall  
22 expire on December 31, 2013."; and

23 Further amend the title and enacting clause accordingly.  
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