

SENATE SUBSTITUTE
FOR
SENATE COMMITTEE SUBSTITUTE
FOR
SENATE BILLS NOS. 509 & 496

AN ACT

To repeal section 143.011, RSMo, and to enact in lieu thereof two new sections relating to income taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

1 Section A. Section 143.011, RSMo, is repealed and two new
2 sections enacted in lieu thereof, to be known as sections 143.011
3 and 143.022, to read as follows:

4 143.011. 1. A tax is hereby imposed for every taxable year
5 on the Missouri taxable income of every resident. The tax shall
6 be determined by applying the tax table or the rate provided in
7 section 143.021, which is based upon the following rates:

If the Missouri taxable income is:	The tax is:
9 Not over \$1,000.00.	1 1/2% of the Missouri taxable 10 income
11 Over \$1,000 but not over \$2,000	\$15 plus 2% of excess over 12 \$1,000
13 Over \$2,000 but not over \$3,000	\$35 plus 2 ½% of excess over 14 \$2,000
15 Over \$3,000 but not over \$4,000	\$60 plus 3% of excess over 16 \$3,000
17 Over \$4,000 but not over \$5,000	\$90 plus 3 ½% of excess over

1		\$4,000
2	Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over
3		\$5,000
4	Over \$6,000 but not over \$7,000	\$165 plus 4 ½% of excess over
5		\$6,000
6	Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over
7		\$7,000
8	Over \$8,000 but not over \$9,000	\$260 plus 5 ½% of excess over
9		\$8,000
10	Over \$9,000..	\$315 plus 6% of excess over
11		\$9,000

12 2. Beginning with the 2015 calendar year, the top rate of
13 tax under subsection 1 of this section shall be reduced by one-
14 quarter of one percent for all taxable years beginning on or
15 after January first of the calendar year following the year in
16 which:

17 (1) The appropriation for the foundation formula pursuant
18 to section 163.031 is sufficient to fully fund the formula to
19 meet the state adequacy target as calculated by the department of
20 elementary and secondary education pursuant to section 163.011;
21 and

22 (2) The amount of net general revenue collected in the
23 previous fiscal year exceeds the highest amount of net general
24 revenue collected in any of the three fiscal years prior to such
25 fiscal year by at least two hundred million dollars.

26
27 In no event shall more than one reduction occur under the
28 provisions of this subsection.

1 3. Beginning with the 2015 calendar year, the top rate of
2 tax under subsection 1 of this section shall be reduced by three-
3 twentieths of one percent for all taxable years beginning on or
4 after January first of the first calendar year following the year
5 in which the laws of this state prohibit the aggregate annual
6 authorizations of more than:

7 (1) Ninety million dollars in historic preservation tax
8 credits provided under sections 253.550 to 253.559; and

9 (2) One hundred and ten million dollars in low income
10 housing tax credits provided under sections 135.350 to 135.363.

11
12 In no event shall more than one reduction occur under the
13 provisions of this subsection.

14 4. The rate reductions provided under subsections 2 and 3
15 of this section shall be considered cumulative and in addition to
16 each other. Either reduction may occur first with the second
17 reduction further reducing the top rate of tax. In no event
18 shall the cumulative reductions reduce the top rate of tax
19 provided under subsection 1 of this section below five and three-
20 fifths percent. Notwithstanding the provisions of subsection 3
21 of this section to the contrary, in the event the reductions
22 provided under subsections 2 and 3 of this section would
23 otherwise take effect in the same taxable year, the application
24 of the reduction provided under subsection 3 of this section
25 shall be delayed until the next taxable year.

26 5. The director of the department of revenue shall, by
27 rule, adjust the tax tables under subsection 1 of this section to
28 effectuate the provisions of this section.

1 143.022. 1. As used in this section, "business income"
2 means the income greater than zero arising from transactions in
3 the regular course of all of a taxpayer's trade or business and
4 shall be limited to the Missouri source net profit from the
5 combination of the following:

6 (1) The total combined profit as properly reported to the
7 Internal Revenue Service on each Schedule C, or its successor
8 form, filed; and

9 (2) The total partnership and S corporation income or loss
10 properly reported to the Internal Revenue Service on Part II of
11 Schedule E, or its successor form.

12 2. In addition to all other modifications allowed by law,
13 there shall be subtracted from the federal adjusted gross income
14 of an individual taxpayer twenty-five percent of the first one
15 hundred thousand dollars of such individual's business income, to
16 the extent that such amounts are included in federal adjusted
17 gross income when determining such individual's Missouri adjusted
18 gross income.

19 3. The deduction provided for in subsection 2 of this
20 section shall only apply to tax years beginning on or after
21 January first of the calendar year in which the top rate of tax
22 on individual income is reduced under the provisions of
23 subsection 3 of section 143.011.

24 4. In the case of an S corporation described in section
25 143.471 or a partnership, computing the deduction allowed under
26 subsection 2 of this section, taxpayers described in subdivisions
27 (1) or (2) of this subsection shall be allowed such deduction
28 apportioned in proportion to their share of ownership of the

1 business as reported on the taxpayer's schedule K-1, or its
2 successor form, for the tax period for which such deduction is
3 being claimed when determining the Missouri adjusted gross income
4 of:

5 (1) The shareholders of an S corporation as described in
6 section 143.471;

7 (2) The partners in a partnership.

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