

SECOND REGULAR SESSION

SENATE BILL NO. 856

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SILVEY.

Read 1st time January 6, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

5628S.011

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to tax deductions for employee stock ownership plans.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.495, to read as follows:

135.495. 1. As used in this section, the following terms mean:

(1) "Commercial domicile", the principal place from which the trade or business of the taxpayer is directed or managed;

(2) "Deduction", an amount subtracted from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income for the tax year in which such deduction is claimed;

(3) "Employer securities", the same meaning as defined under section 409(l) of the Internal Revenue Code;

(4) "Missouri corporation", a corporation whose commercial domicile is in this state;

(5) "Qualified Missouri employee stock ownership plan", an employee stock ownership plan, as defined under section 4975(e)(7) of the Internal Revenue Code, and trust that is established by a Missouri corporation for the benefit of the employees of the corporation;

(6) "Taxpayer", an individual, firm, partner in a firm, corporation, partnership, shareholder in an S corporation, or member of a limited liability company subject to the income tax imposed under chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265.

2. For all tax years beginning on or after January 1, 2017, in addition to all other modifications allowed by law, a taxpayer shall be

22 allowed a deduction from the taxpayer's federal adjusted gross income
23 when determining Missouri adjusted gross income in an amount equal
24 to fifty percent of the net capital gain from the sale or exchange of
25 employer securities of a Missouri corporation to a qualified Missouri
26 employee stock ownership plan if, upon completion of the transaction,
27 the qualified Missouri employee stock ownership plan owns at least
28 thirty percent of all outstanding employer securities issued by the
29 Missouri corporation.

30 3. The department of revenue may promulgate rules and
31 regulations for the administration of this section. Any rule or portion
32 of a rule, as that term is defined in section 536.010, that is created
33 under the authority delegated in this section shall become effective
34 only if it complies with and is subject to all of the provisions of chapter
35 536 and, if applicable, section 536.028. This section and chapter 536 are
36 nonseverable, and if any of the powers vested with the general
37 assembly pursuant to chapter 536 to review, to delay the effective date,
38 or to disapprove and annul a rule are subsequently held
39 unconstitutional, then the grant of rulemaking authority and any rule
40 proposed or adopted after August 28, 2016, shall be invalid and void.

41 4. Under section 23.253 of the Missouri sunset act:

42 (1) The provisions of the new program authorized under this
43 section shall automatically sunset on December thirty-first, six years
44 after the effective date of this section, unless reauthorized by an act of
45 the general assembly;

46 (2) If such program is reauthorized, the program authorized
47 under this section shall automatically sunset on December thirty-first,
48 twelve years after the effective date of the reauthorization of this
49 section; and

50 (3) This section shall terminate on September first of the
51 calendar year immediately following the calendar year in which the
52 program authorized under this section is sunset.

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