

SECOND REGULAR SESSION
[P E R F E C T E D]
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 856
98TH GENERAL ASSEMBLY

Reported from the Committee on Ways and Means, February 25, 2016, with recommendation that the Senate Committee Substitute do pass.

Senate Committee Substitute for Senate Bill No. 856, adopted April 6, 2016.

Taken up for Perfection April 6, 2016. Bill declared Perfected and Ordered Printed.

ADRIANE D. CROUSE, Secretary.

5628S.02P

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:

- 2 **(1) "Commercial domicile", the principal place from which the**
3 **trade or business of the taxpayer is directed or managed;**
4 **(2) "Deduction", an amount subtracted from the taxpayer's**
5 **Missouri adjusted gross income to determine Missouri taxable income**
6 **for the tax year in which such deduction is claimed;**
7 **(3) "Employer securities", the same meaning as defined under**
8 **section 409(l) of the Internal Revenue Code;**
9 **(4) "Missouri corporation", a corporation whose commercial**
10 **domicile is in this state;**
11 **(5) "Qualified Missouri employee stock ownership plan", an**
12 **employee stock ownership plan, as defined under section 4975(e)(7) of**
13 **the Internal Revenue Code, and trust that is established by a Missouri**
14 **corporation for the benefit of the employees of the corporation;**
15 **(6) "Taxpayer", an individual, firm, partner in a firm,**
16 **corporation, partnership, shareholder in an S corporation, or member**
17 **of a limited liability company subject to the income tax imposed under**
18 **chapter 143, excluding withholding tax imposed by sections 143.191 to**
19 **143.265.**

20 2. For all tax years beginning on or after January 1, 2017, in
21 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. Whenever an employee leaves a Missouri corporation with a
31 qualified Missouri employee stock ownership plan, the Missouri
32 corporation shall inform the former employee of the deadline for when
33 the former employee shall decide whether they will receive their shares
34 of employer securities or compensation for their shares of employer
35 securities.

36 4. The department of revenue may promulgate rules and
37 regulations for the administration of this section. Any rule or portion
38 of a rule, as that term is defined in section 536.010, that is created
39 under the authority delegated in this section shall become effective
40 only if it complies with and is subject to all of the provisions of chapter
41 536 and, if applicable, section 536.028. This section and chapter 536 are
42 nonseverable, and if any of the powers vested with the general
43 assembly pursuant to chapter 536 to review, to delay the effective date,
44 or to disapprove and annul a rule are subsequently held
45 unconstitutional, then the grant of rulemaking authority and any rule
46 proposed or adopted after August 28, 2016, shall be invalid and void.

47 5. Under section 23.253 of the Missouri sunset act:

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

52 (2) If such program is reauthorized, the program authorized
53 under this section shall automatically sunset on December thirty-first,
54 twelve years after the effective date of the reauthorization of this
55 section; and

56 (3) This section shall terminate on September first of the
57 calendar year immediately following the calendar year in which the

58 **program authorized under this section is sunset.**

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Unofficial

Bill

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