

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 174
100TH GENERAL ASSEMBLY

0971H.04C

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 135.090, 137.115, 143.121, 143.441, 144.020, and 148.064, RSMo, and to enact in lieu thereof six new sections relating to taxation.

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

Section A. Sections 135.090, 137.115, 143.121, 143.441, 144.020, and 148.064, RSMo, are repealed and six new sections enacted in lieu thereof, to be known as sections 135.090, 137.115, 143.121, 143.441, 144.020, and 148.064, to read as follows:

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

(1) "Homestead", the dwelling in Missouri owned by the surviving spouse and not exceeding five acres of land surrounding it as is reasonably necessary for use of the dwelling as a home. As used in this section, "homestead" shall not include any dwelling which is occupied by more than two families;

(2) "Public safety officer", any firefighter, police officer, capitol police officer, parole officer, probation officer, correctional employee, water patrol officer, park ranger, conservation officer, commercial motor vehicle enforcement officer, emergency medical responder, as defined in section 190.100, emergency medical technician, first responder, or highway patrolman employed by the state of Missouri or a political subdivision thereof who is killed in the line of duty, unless the death was the result of the officer's own misconduct or abuse of alcohol or drugs;

(3) "Surviving spouse", a spouse, who has not remarried, of a public safety officer.

2. For all tax years beginning on or after January 1, 2008, a surviving spouse shall be allowed a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265, in an amount equal to the total amount of the property taxes on the surviving spouse's homestead paid during the tax year for which the credit is

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 claimed. A surviving spouse may claim the credit authorized under this section for each tax year
18 beginning the year of death of the public safety officer spouse until the tax year in which the
19 surviving spouse remarries. No credit shall be allowed for the tax year in which the surviving
20 spouse remarries. If the amount allowable as a credit exceeds the income tax reduced by other
21 credits, then the excess shall be considered an overpayment of the income tax.

22 3. The department of revenue shall promulgate rules to implement the provisions of this
23 section.

24 4. Any rule or portion of a rule, as that term is defined in section 536.010, that is created
25 under the authority delegated in this section shall become effective only if it complies with and
26 is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section
27 and chapter 536 are nonseverable and if any of the powers vested with the general assembly
28 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule
29 are subsequently held unconstitutional, then the grant of rulemaking authority and any rule
30 proposed or adopted after August 28, 2007, shall be invalid and void.

31 5. Pursuant to section 23.253 of the Missouri sunset act:

32 (1) The program authorized under this section shall expire on December 31, ~~[2019]~~
33 **2027**, unless reauthorized by the general assembly; and

34 (2) This section shall terminate on September first of the calendar year immediately
35 following the calendar year in which the program authorized under this section is sunset; and

36 (3) The provisions of this subsection shall not be construed to limit or in any way impair
37 the department's ability to redeem tax credits authorized on or before the date the program
38 authorized under this section expires or a taxpayer's ability to redeem such tax credits.

137.115. 1. All other laws to the contrary notwithstanding, the assessor or the assessor's
2 deputies in all counties of this state including the City of St. Louis shall annually make a list of
3 all real and tangible personal property taxable in the assessor's city, county, town or district.
4 Except as otherwise provided in subsection 3 of this section and section 137.078, the assessor
5 shall annually assess all personal property at thirty-three and one-third percent of its true value
6 in money as of January first of each calendar year. The assessor shall annually assess all real
7 property, including any new construction and improvements to real property, and possessory
8 interests in real property at the percent of its true value in money set in subsection 5 of this
9 section. The true value in money of any possessory interest in real property in subclass (3),
10 where such real property is on or lies within the ultimate airport boundary as shown by a federal
11 airport layout plan, as defined by 14 CFR 151.5, of a commercial airport having a FAR Part 139
12 certification and owned by a political subdivision, shall be the otherwise applicable true value
13 in money of any such possessory interest in real property, less the total dollar amount of costs
14 paid by a party, other than the political subdivision, towards any new construction or

15 improvements on such real property completed after January 1, 2008, and which are included in
16 the above-mentioned possessory interest, regardless of the year in which such costs were incurred
17 or whether such costs were considered in any prior year. The assessor shall annually assess all
18 real property in the following manner: new assessed values shall be determined as of January
19 first of each odd-numbered year and shall be entered in the assessor's books; those same assessed
20 values shall apply in the following even-numbered year, except for new construction and
21 property improvements which shall be valued as though they had been completed as of January
22 first of the preceding odd-numbered year. The assessor may call at the office, place of doing
23 business, or residence of each person required by this chapter to list property, and require the
24 person to make a correct statement of all taxable tangible personal property owned by the person
25 or under his or her care, charge or management, taxable in the county. On or before January first
26 of each even-numbered year, the assessor shall prepare and submit a two-year assessment
27 maintenance plan to the county governing body and the state tax commission for their respective
28 approval or modification. The county governing body shall approve and forward such plan or
29 its alternative to the plan to the state tax commission by February first. If the county governing
30 body fails to forward the plan or its alternative to the plan to the state tax commission by
31 February first, the assessor's plan shall be considered approved by the county governing body.
32 If the state tax commission fails to approve a plan and if the state tax commission and the
33 assessor and the governing body of the county involved are unable to resolve the differences, in
34 order to receive state cost-share funds outlined in section 137.750, the county or the assessor
35 shall petition the administrative hearing commission, by May first, to decide all matters in
36 dispute regarding the assessment maintenance plan. Upon agreement of the parties, the matter
37 may be stayed while the parties proceed with mediation or arbitration upon terms agreed to by
38 the parties. The final decision of the administrative hearing commission shall be subject to
39 judicial review in the circuit court of the county involved. In the event a valuation of subclass
40 (1) real property within any county with a charter form of government, or within a city not within
41 a county, is made by a computer, computer-assisted method or a computer program, the burden
42 of proof, supported by clear, convincing and cogent evidence to sustain such valuation, shall be
43 on the assessor at any hearing or appeal. In any such county, unless the assessor proves
44 otherwise, there shall be a presumption that the assessment was made by a computer,
45 computer-assisted method or a computer program. Such evidence shall include, but shall not be
46 limited to, the following:

47 (1) The findings of the assessor based on an appraisal of the property by generally
48 accepted appraisal techniques; and

49 (2) The purchase prices from sales of at least three comparable properties and the address
50 or location thereof. As used in this subdivision, the word "comparable" means that:

51 (a) Such sale was closed at a date relevant to the property valuation; and

52 (b) Such properties are not more than one mile from the site of the disputed property,
53 except where no similar properties exist within one mile of the disputed property, the nearest
54 comparable property shall be used. Such property shall be within five hundred square feet in size
55 of the disputed property, and resemble the disputed property in age, floor plan, number of rooms,
56 and other relevant characteristics.

57 2. Assessors in each county of this state and the City of St. Louis may send personal
58 property assessment forms through the mail.

59 3. The following items of personal property shall each constitute separate subclasses of
60 tangible personal property and shall be assessed and valued for the purposes of taxation at the
61 following percentages of their true value in money:

62 (1) Grain and other agricultural crops in an unmanufactured condition, one-half of one
63 percent;

64 (2) Livestock, twelve percent;

65 (3) Farm machinery, twelve percent;

66 (4) Motor vehicles which are eligible for registration as and are registered as historic
67 motor vehicles ~~[pursuant to]~~ **under** section 301.131 and aircraft which are at least twenty-five
68 years old and which are used solely for noncommercial purposes and are operated less than ~~[fifty]~~
69 **one hundred fifty** hours per year or aircraft that are home built from a kit, five percent;

70 (5) Poultry, twelve percent; and

71 (6) Tools and equipment used for pollution control and tools and equipment used in
72 retooling for the purpose of introducing new product lines or used for making improvements to
73 existing products by any company which is located in a state enterprise zone and which is
74 identified by any standard industrial classification number cited in subdivision (5) of section
75 135.200, twenty-five percent.

76 4. The person listing the property shall enter a true and correct statement of the property,
77 in a printed blank prepared for that purpose. The statement, after being filled out, shall be signed
78 and either affirmed or sworn to as provided in section 137.155. The list shall then be delivered
79 to the assessor.

80 5. (1) All subclasses of real property, as such subclasses are established in Section 4(b)
81 of Article X of the Missouri Constitution and defined in section 137.016, shall be assessed at the
82 following percentages of true value:

83 (a) For real property in subclass (1), nineteen percent;

84 (b) For real property in subclass (2), twelve percent; and

85 (c) For real property in subclass (3), thirty-two percent.

86 (2) A taxpayer may apply to the county assessor, or, if not located within a county, then
87 the assessor of such city, for the reclassification of such taxpayer's real property if the use or
88 purpose of such real property is changed after such property is assessed under the provisions of
89 this chapter. If the assessor determines that such property shall be reclassified, he or she shall
90 determine the assessment under this subsection based on the percentage of the tax year that such
91 property was classified in each subclassification.

92 6. Manufactured homes, as defined in section 700.010, which are actually used as
93 dwelling units shall be assessed at the same percentage of true value as residential real property
94 for the purpose of taxation. The percentage of assessment of true value for such manufactured
95 homes shall be the same as for residential real property. If the county collector cannot identify
96 or find the manufactured home when attempting to attach the manufactured home for payment
97 of taxes owed by the manufactured home owner, the county collector may request the county
98 commission to have the manufactured home removed from the tax books, and such request shall
99 be granted within thirty days after the request is made; however, the removal from the tax books
100 does not remove the tax lien on the manufactured home if it is later identified or found. For
101 purposes of this section, a manufactured home located in a manufactured home rental park, rental
102 community or on real estate not owned by the manufactured home owner shall be considered
103 personal property. For purposes of this section, a manufactured home located on real estate
104 owned by the manufactured home owner may be considered real property.

105 7. Each manufactured home assessed shall be considered a parcel for the purpose of
106 reimbursement ~~[pursuant to]~~ **under** section 137.750, unless the manufactured home is **deemed**
107 **to be** real estate ~~[as defined in]~~ **under** subsection 7 of section 442.015 and assessed as a realty
108 improvement to the existing real estate parcel.

109 8. Any amount of tax due and owing based on the assessment of a manufactured home
110 shall be included on the personal property tax statement of the manufactured home owner unless
111 the manufactured home is **deemed to be** real estate ~~[as defined in]~~ **under** subsection 7 of section
112 442.015, in which case the amount of tax due and owing on the assessment of the manufactured
113 home as a realty improvement to the existing real estate parcel shall be included on the real
114 property tax statement of the real estate owner.

115 9. The assessor of each county and each city not within a county shall use the trade-in
116 value published in the October issue of the National Automobile Dealers' Association Official
117 Used Car Guide, or its successor publication, as the recommended guide of information for
118 determining the true value of motor vehicles described in such publication. The assessor shall
119 not use a value that is greater than the average trade-in value in determining the true value of the
120 motor vehicle without performing a physical inspection of the motor vehicle. For vehicles two
121 years old or newer from a vehicle's model year, the assessor may use a value other than average

122 without performing a physical inspection of the motor vehicle. In the absence of a listing for a
123 particular motor vehicle in such publication, the assessor shall use such information or
124 publications which in the assessor's judgment will fairly estimate the true value in money of the
125 motor vehicle.

126 10. Before the assessor may increase the assessed valuation of any parcel of subclass (1)
127 real property by more than fifteen percent since the last assessment, excluding increases due to
128 new construction or improvements, the assessor shall conduct a physical inspection of such
129 property.

130 11. If a physical inspection is required, ~~[pursuant to]~~ **under** subsection 10 of this section,
131 the assessor shall notify the property owner of that fact in writing and shall provide the owner
132 clear written notice of the owner's rights relating to the physical inspection. If a physical
133 inspection is required, the property owner may request that an interior inspection be performed
134 during the physical inspection. The owner shall have no less than thirty days to notify the
135 assessor of a request for an interior physical inspection.

136 12. A physical inspection, as required by subsection 10 of this section, shall include, but
137 not be limited to, an on-site personal observation and review of all exterior portions of the land
138 and any buildings and improvements to which the inspector has or may reasonably and lawfully
139 gain external access, and shall include an observation and review of the interior of any buildings
140 or improvements on the property upon the timely request of the owner ~~[pursuant to]~~ **under**
141 subsection 11 of this section. Mere observation of the property via a drive-by inspection or the
142 like shall not be considered sufficient to constitute a physical inspection as required by this
143 section.

144 13. The provisions of subsections 11 and 12 of this section shall only apply in any county
145 with a charter form of government with more than one million inhabitants.

146 14. A county or city collector may accept credit cards as proper form of payment of
147 outstanding property tax or license due. No county or city collector may charge surcharge for
148 payment by credit card which exceeds the fee or surcharge charged by the credit card bank,
149 processor, or issuer for its service. A county or city collector may accept payment by electronic
150 transfers of funds in payment of any tax or license and charge the person making such payment
151 a fee equal to the fee charged the county by the bank, processor, or issuer of such electronic
152 payment.

153 15. Any county or city not within a county in this state may, by an affirmative vote of
154 the governing body of such county, opt out of the provisions of this section and sections 137.073,
155 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general assembly,
156 second regular session and section 137.073 as modified by house committee substitute for senate
157 substitute for senate committee substitute for senate bill no. 960, ninety-second general

158 assembly, second regular session, for the next year of the general reassessment, prior to January
159 first of any year. No county or city not within a county shall exercise this opt-out provision after
160 implementing the provisions of this section and sections 137.073, 138.060, and 138.100 as
161 enacted by house bill no. 1150 of the ninety-first general assembly, second regular session and
162 section 137.073 as modified by house committee substitute for senate substitute for senate
163 committee substitute for senate bill no. 960, ninety-second general assembly, second regular
164 session, in a year of general reassessment. For the purposes of applying the provisions of this
165 subsection, a political subdivision contained within two or more counties where at least one of
166 such counties has opted out and at least one of such counties has not opted out shall calculate a
167 single tax rate as in effect prior to the enactment of house bill no. 1150 of the ninety-first general
168 assembly, second regular session. A governing body of a city not within a county or a county
169 that has opted out under the provisions of this subsection may choose to implement the
170 provisions of this section and sections 137.073, 138.060, and 138.100 as enacted by house bill
171 no. 1150 of the ninety-first general assembly, second regular session, and section 137.073 as
172 modified by house committee substitute for senate substitute for senate committee substitute for
173 senate bill no. 960, ninety-second general assembly, second regular session, for the next year of
174 general reassessment, by an affirmative vote of the governing body prior to December thirty-first
175 of any year.

176 16. The governing body of any city of the third classification with more than twenty-six
177 thousand three hundred but fewer than twenty-six thousand seven hundred inhabitants located
178 in any county that has exercised its authority to opt out under subsection 15 of this section may
179 levy separate and differing tax rates for real and personal property only if such city bills and
180 collects its own property taxes or satisfies the entire cost of the billing and collection of such
181 separate and differing tax rates. Such separate and differing rates shall not exceed such city's tax
182 rate ceiling.

183 17. Any portion of real property that is available as reserve for strip, surface, or coal
184 mining for minerals for purposes of excavation for future use or sale to others that has not been
185 bonded and permitted under chapter 444 shall be assessed based upon how the real property is
186 currently being used. Any information provided to a county assessor, state tax commission, state
187 agency, or political subdivision responsible for the administration of tax policies shall, in the
188 performance of its duties, make available all books, records, and information requested, except
189 such books, records, and information as are by law declared confidential in nature, including
190 individually identifiable information regarding a specific taxpayer or taxpayer's mine property.
191 For purposes of this subsection, "mine property" shall mean all real property that is in use or
192 readily available as a reserve for strip, surface, or coal mining for minerals for purposes of

193 excavation for current or future use or sale to others that has been bonded and permitted under
194 chapter 444.

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

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

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

6 (2) Interest on certain governmental obligations excluded from federal gross income by
7 **26 U.S.C. Section 103 of the Internal Revenue Code, as amended.** The previous sentence shall
8 not apply to interest on obligations of the state of Missouri or any of its political subdivisions or
9 authorities and shall not apply to the interest described in subdivision (1) of subsection 3 of this
10 section. The amount added pursuant to this subdivision shall be reduced by the amounts
11 applicable to such interest that would have been deductible in computing the taxable income of
12 the taxpayer except only for the application of **26 U.S.C. Section 265 of the Internal Revenue**
13 **Code, as amended.** The reduction shall only be made if it is at least five hundred dollars;

14 (3) The amount of any deduction that is included in the computation of federal taxable
15 income pursuant to **26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job**
16 **Creation and Worker Assistance Act of 2002** to the extent the amount deducted relates to
17 property purchased on or after July 1, 2002, but before July 1, 2003, and to the extent the amount
18 deducted exceeds the amount that would have been deductible pursuant to **26 U.S.C. Section 168**
19 **of the Internal Revenue Code of 1986 as in effect on January 1, 2002;**

20 (4) The amount of any deduction that is included in the computation of federal taxable
21 income for net operating loss allowed by **26 U.S.C. Section 172 of the Internal Revenue Code**
22 **of 1986, as amended, other than the deduction allowed by 26 U.S.C. Section 172(b)(1)(G) and**
23 **26 U.S.C. Section 172(i) of the Internal Revenue Code of 1986, as amended, for a net operating**
24 **loss the taxpayer claims in the tax year in which the net operating loss occurred or carries**
25 **forward for a period of more than twenty years and carries backward for more than two years.**
26 **Any amount of net operating loss taken against federal taxable income but disallowed for**
27 **Missouri income tax purposes pursuant to this subdivision after June 18, 2002, may be carried**
28 **forward and taken against any income on the Missouri income tax return for a period of not more**
29 **than twenty years from the year of the initial loss; [and]**

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

34 from income for property taxes paid to this state for purposes of calculating income for the
35 income tax for such state, political subdivision of a state, or the District of Columbia[-] ; and

36 **(6) For all tax years beginning on or after January 1, 2018, any interest expense**
37 **paid or accrued in a previous tax year, but allowed as a deduction under 26 U.S.C. 163, as**
38 **amended, in the current tax year by reason of the carry forward of disallowed business**
39 **interest provisions of 26 U.S.C. 163(j), as amended. For the purposes of this subdivision,**
40 **an interest expense is considered paid or accrued only in the first tax year the deduction**
41 **would have been allowable under 26 U.S.C. 163, as amended, if the limitation under 26**
42 **U.S.C. 163(j), as amended, did not exist.**

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

45 (1) Interest **received on deposits held at a federal reserve bank** or **interest or**
46 dividends on obligations of the United States and its territories and possessions or of any
47 authority, commission or instrumentality of the United States to the extent exempt from Missouri
48 income taxes pursuant to the laws of the United States. The amount subtracted pursuant to this
49 subdivision shall be reduced by any interest on indebtedness incurred to carry the described
50 obligations or securities and by any expenses incurred in the production of interest or dividend
51 income described in this subdivision. The reduction in the previous sentence shall only apply
52 to the extent that such expenses including amortizable bond premiums are deducted in
53 determining the taxpayer's federal adjusted gross income or included in the taxpayer's Missouri
54 itemized deduction. The reduction shall only be made if the expenses total at least five hundred
55 dollars;

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

61 (3) The amount necessary to prevent the taxation pursuant to this chapter of any annuity
62 or other amount of income or gain which was properly included in income or gain and was taxed
63 pursuant to the laws of Missouri for a taxable year prior to January 1, 1973, to the taxpayer, or
64 to a decedent by reason of whose death the taxpayer acquired the right to receive the income or
65 gain, or to a trust or estate from which the taxpayer received the income or gain;

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

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

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

72 (7) The amount that would have been deducted in the computation of federal taxable
73 income pursuant to **26 U.S.C.** Section 168 of the Internal Revenue Code as in effect on January
74 1, 2002, to the extent that amount relates to property purchased on or after July 1, 2002, but
75 before July 1, 2003, and to the extent that amount exceeds the amount actually deducted pursuant
76 to **26 U.S.C.** Section 168 of the Internal Revenue Code as amended by the Job Creation and
77 Worker Assistance Act of 2002;

78 (8) For all tax years beginning on or after January 1, 2005, the amount of any income
79 received for military service while the taxpayer serves in a combat zone which is included in
80 federal adjusted gross income and not otherwise excluded therefrom. As used in this section,
81 "combat zone" means any area which the President of the United States by Executive Order
82 designates as an area in which Armed Forces of the United States are or have engaged in combat.
83 Service is performed in a combat zone only if performed on or after the date designated by the
84 President by Executive Order as the date of the commencing of combat activities in such zone,
85 and on or before the date designated by the President by Executive Order as the date of the
86 termination of combatant activities in such zone;

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

93 (10) For all tax years beginning on or after January 1, 2014, the amount of any income
94 received as payment from any program which provides compensation to agricultural producers
95 who have suffered a loss as the result of a disaster or emergency, including the:

96 (a) Livestock Forage Disaster Program;

97 (b) Livestock Indemnity Program;

98 (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;

99 (d) Emergency Conservation Program;

100 (e) Noninsured Crop Disaster Assistance Program;

101 (f) Pasture, Rangeland, Forage Pilot Insurance Program;

102 (g) Annual Forage Pilot Program;

103 (h) Livestock Risk Protection Insurance Plan; and

104 (i) Livestock Gross Margin insurance plan.

105 **(11) For all tax years beginning on or after January 1, 2018, any interest expense**
106 **paid or accrued in the current tax year, but not deducted as a result of the limitation**
107 **imposed under 26 U.S.C. 163(j), as amended. For the purposes of this subdivision, an**
108 **interest expense is considered paid or accrued only in the first tax year the deduction**
109 **would have been allowable under 26 U.S.C. 163, as amended, if the limitation under 26**
110 **U.S.C. 163(j), as amended, did not exist.**

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

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

115 6. In addition to the modifications to a taxpayer's federal adjusted gross income in this
116 section, to calculate Missouri adjusted gross income there shall be subtracted from the taxpayer's
117 federal adjusted gross income any gain recognized pursuant to **26 U.S.C.** Section 1033 of the
118 Internal Revenue Code of 1986, as amended, arising from compulsory or involuntary conversion
119 of property as a result of condemnation or the imminence thereof.

120 7. (1) As used in this subsection, "qualified health insurance premium" means the
121 amount paid during the tax year by such taxpayer for any insurance policy primarily providing
122 health care coverage for the taxpayer, the taxpayer's spouse, or the taxpayer's dependents.

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

128 8. (1) Beginning January 1, 2014, in addition to the subtractions provided in this section,
129 one hundred percent of the cost incurred by a taxpayer for a home energy audit conducted by an
130 entity certified by the department of natural resources under section 640.153 or the
131 implementation of any energy efficiency recommendations made in such an audit shall be
132 subtracted from the taxpayer's federal adjusted gross income to the extent the amount paid for
133 any such activity is included in federal taxable income. The taxpayer shall provide the
134 department of revenue with a summary of any recommendations made in a qualified home
135 energy audit, the name and certification number of the qualified home energy auditor who
136 conducted the audit, and proof of the amount paid for any activities under this subsection for
137 which a deduction is claimed. The taxpayer shall also provide a copy of the summary of any
138 recommendations made in a qualified home energy audit to the department of natural resources.

139 (2) At no time shall a deduction claimed under this subsection by an individual taxpayer
140 or taxpayers filing combined returns exceed one thousand dollars per year for individual

141 taxpayers or cumulatively exceed two thousand dollars per year for taxpayers filing combined
142 returns.

143 (3) Any deduction claimed under this subsection shall be claimed for the tax year in
144 which the qualified home energy audit was conducted or in which the implementation of the
145 energy efficiency recommendations occurred. If implementation of the energy efficiency
146 recommendations occurred during more than one year, the deduction may be claimed in more
147 than one year, subject to the limitations provided under subdivision (2) of this subsection.

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

152 9. The provisions of subsection 8 of this section shall expire on December 31, 2020.

143.441. 1. The term "corporation" means every corporation, association, joint stock
2 company and joint stock association organized, authorized or existing under the laws of this state
3 and includes:

4 (1) Every corporation, association, joint stock company, and joint stock association
5 organized, authorized, or existing under the laws of this state, and every corporation, association,
6 joint stock company, and joint stock association, licensed to do business in this state, or doing
7 business in this state, and not organized, authorized, or existing under the laws of this state, or
8 by any receiver in charge of the property of any such corporation, association, joint stock
9 company or joint stock association;

10 (2) Every railroad corporation or receiver in charge of the property thereof which
11 operates over rails owned or leased by it and every corporation operating any buslines, trucklines,
12 airlines, or other forms of transportation, **including qualified air freight forwarders**, operating
13 over fixed routes owned, leased, or used by it extending from this state to another state or states.

14 **For purposes of this section, "qualified air freight forwarder" means a taxpayer who:**

15 **(a) Is primarily engaged in the facilitation of the transportation of property by air;**

16 **(b) Does not directly operate aircraft; and**

17 **(c) Is affiliated with an airline;**

18 (3) Every corporation, or receiver in charge of the property thereof, which owns or
19 operates a bridge between this and any other state; and

20 (4) Every corporation, or receiver in charge of the property thereof, which operates a
21 telephone line or lines extending from this state to another state or states or a telegraph line or
22 lines extending from this state to another state or states.

23 2. The tax on corporations provided in subsection 1 of section 143.431 and section
24 143.071 shall not apply to:

25 (1) A corporation which by reason of its purposes and activities is exempt from federal
26 income tax. The preceding sentence shall not apply to unrelated business taxable income and
27 other income on which chapter 1 of the Internal Revenue Code imposes the federal income tax
28 or any other tax measured by income;

29 (2) An express company which pays an annual tax on its gross receipts in this state;

30 (3) An insurance company which is subject to an annual tax on its gross premium
31 receipts in this state;

32 (4) A Missouri mutual or an extended Missouri mutual insurance company organized
33 under chapter 380; and

34 (5) Any other corporation that is exempt from Missouri income taxation under the laws
35 of Missouri or the laws of the United States.

144.020. 1. A tax is hereby levied and imposed for the privilege of titling new and used
2 motor vehicles, trailers, boats, and outboard motors purchased or acquired for use on the
3 highways or waters of this state which are required to be titled under the laws of the state of
4 Missouri and, except as provided in subdivision (9) of this subsection, upon all sellers for the
5 privilege of engaging in the business of selling tangible personal property or rendering taxable
6 service at retail in this state. The rate of tax shall be as follows:

7 (1) Upon every retail sale in this state of tangible personal property, excluding motor
8 vehicles, trailers, motorcycles, mopeds, motortricycles, boats and outboard motors required to
9 be titled under the laws of the state of Missouri and subject to tax under subdivision (9) of this
10 subsection, a tax equivalent to four percent of the purchase price paid or charged, or in case such
11 sale involves the exchange of property, a tax equivalent to four percent of the consideration paid
12 or charged, including the fair market value of the property exchanged at the time and place of
13 the exchange, except as otherwise provided in section 144.025;

14 (2) A tax equivalent to four percent of the amount paid for admission and seating
15 accommodations, or fees paid to, or in any place of amusement, entertainment or recreation,
16 games and athletic events, except amounts paid for any instructional class;

17 (3) A tax equivalent to four percent of the basic rate paid or charged on all sales of
18 electricity or electrical current, water and gas, natural or artificial, to domestic, commercial or
19 industrial consumers;

20 (4) **(a)** A tax equivalent to four percent on the basic rate paid or charged on all sales of
21 local and long distance telecommunications service to telecommunications subscribers and to
22 others through equipment of telecommunications subscribers for the transmission of messages
23 and conversations and upon the sale, rental or leasing of all equipment or services pertaining or
24 incidental thereto; except that, the payment made by telecommunications subscribers or others,

25 pursuant to section 144.060, and any amounts paid for access to the internet or interactive
26 computer services shall not be considered as amounts paid for telecommunications services;

27 **(b) If local and long distance telecommunications services subject to tax under this**
28 **subdivision are aggregated with and not separately stated from charges for**
29 **telecommunications service or other services not subject to tax under this subdivision,**
30 **including, but not limited to, interstate or international telecommunications services, then**
31 **the charges for nontaxable services may be subject to taxation unless the**
32 **telecommunications provider can identify by reasonable and verifiable standards such**
33 **portion of the charges not subject to such tax from its books and records that are kept in**
34 **the regular course of business for other purposes, including, but not limited to, financial**
35 **statement, general ledgers, invoice and billing systems and reports, and reports for**
36 **regulatory tariffs and other regulatory matters;**

37 (5) A tax equivalent to four percent of the basic rate paid or charged for all sales of
38 services for transmission of messages of telegraph companies;

39 (6) A tax equivalent to four percent on the amount of sales or charges for all rooms,
40 meals and drinks furnished at any hotel, motel, tavern, inn, restaurant, eating house, drugstore,
41 dining car, tourist cabin, tourist camp or other place in which rooms, meals or drinks are
42 regularly served to the public. The tax imposed under this subdivision shall not apply to any
43 automatic mandatory gratuity for a large group imposed by a restaurant when such gratuity is
44 reported as employee tip income and the restaurant withholds income tax under section 143.191
45 on such gratuity;

46 (7) A tax equivalent to four percent of the amount paid or charged for intrastate tickets
47 by every person operating a railroad, sleeping car, dining car, express car, boat, airplane and such
48 buses and trucks as are licensed by the division of motor carrier and railroad safety of the
49 department of economic development of Missouri, engaged in the transportation of persons for
50 hire;

51 (8) A tax equivalent to four percent of the amount paid or charged for rental or lease of
52 tangible personal property, provided that if the lessor or renter of any tangible personal property
53 had previously purchased the property under the conditions of sale at retail or leased or rented
54 the property and the tax was paid at the time of purchase, lease or rental, the lessor, sublessor,
55 renter or subrenter shall not apply or collect the tax on the subsequent lease, sublease, rental or
56 subrental receipts from that property. The purchase, rental or lease of motor vehicles, trailers,
57 motorcycles, mopeds, motortricycles, boats, and outboard motors shall be taxed and the tax paid
58 as provided in this section and section 144.070. In no event shall the rental or lease of boats and
59 outboard motors be considered a sale, charge, or fee to, for or in places of amusement,
60 entertainment or recreation nor shall any such rental or lease be subject to any tax imposed to,

61 for, or in such places of amusement, entertainment or recreation. Rental and leased boats or
62 outboard motors shall be taxed under the provisions of the sales tax laws as provided under such
63 laws for motor vehicles and trailers. Tangible personal property which is exempt from the sales
64 or use tax under section 144.030 upon a sale thereof is likewise exempt from the sales or use tax
65 upon the lease or rental thereof;

66 (9) A tax equivalent to four percent of the purchase price, as defined in section 144.070,
67 of new and used motor vehicles, trailers, boats, and outboard motors purchased or acquired for
68 use on the highways or waters of this state which are required to be registered under the laws of
69 the state of Missouri. This tax is imposed on the person titling such property, and shall be paid
70 according to the procedures in section 144.440.

71 2. All tickets sold which are sold under the provisions of sections 144.010 to 144.525
72 which are subject to the sales tax shall have printed, stamped or otherwise endorsed thereon, the
73 words "This ticket is subject to a sales tax."

148.064. 1. Notwithstanding any law to the contrary, this section shall determine the
2 ordering and limit reductions for certain taxes and tax credits which may be used as credits
3 against various taxes paid or payable by banking institutions. Except as adjusted in subsections
4 2, 3 and 6 of this section, such credits shall be applied in the following order until used against:

5 (1) The tax on banks determined under subdivision (2) of subsection 2 of section
6 148.030;

7 (2) The tax on banks determined under subdivision (1) of subsection 2 of section
8 148.030;

9 (3) The state income tax in section 143.071.

10 2. The tax credits permitted against taxes payable pursuant to subdivision (2) of
11 subsection 2 of section 148.030 shall be utilized first and include taxes referenced in
12 subdivisions (2) and (3) of subsection 1 of this section, which shall be determined without
13 reduction for any tax credits identified in subsection 5 of this section which are used to reduce
14 such taxes. Where a banking institution subject to this section joins in the filing of a
15 consolidated state income tax return under chapter 143, the credit allowed under this section for
16 state income taxes payable under chapter 143 shall be determined based upon the consolidated
17 state income tax liability of the group and allocated to a banking institution, without reduction
18 for any tax credits identified in subsection 5 of this section which are used to reduce such
19 consolidated taxes as provided in chapter 143.

20 3. The taxes referenced in subdivisions (2) and (3) of subsection 1 of this section may
21 be reduced by the tax credits in subsection 5 of this section without regard to any adjustments
22 in subsection 2 of this section.

23 4. To the extent that certain tax credits which the taxpayer is entitled to claim are
24 transferable, such transferability may include transfers among such taxpayers who are members
25 of a single consolidated income tax return, and this subsection shall not impact other tax credit
26 transferability.

27 5. For the purpose of this section, the tax credits referred to in subsections 2 and 3 shall
28 include tax credits available for economic development, low-income housing and neighborhood
29 assistance which the taxpayer is entitled to claim for the year, including by way of example and
30 not of limitation, tax credits pursuant to the following sections: section 32.115, section 100.286,
31 and sections 135.110, 135.225, 135.352 and 135.403.

32 6. For tax returns filed on or after January 1, 2001, including returns based on income
33 in the year 2000, and after, a banking institution shall be entitled to an annual tax credit equal
34 to one-sixtieth of one percent of its outstanding shares and surplus employed in this state if the
35 outstanding shares and surplus exceed one million dollars, determined in the same manner as in
36 section 147.010. This tax credit shall be taken as a dollar-for-dollar credit against the bank tax
37 provided for in subdivision (2) of subsection 2 of section 148.030; if such bank tax was already
38 reduced to zero by other credits, then against the corporate income tax provided for in chapter
39 143. **For all tax years beginning on or after January 1, 2020, no tax credit shall be**
40 **authorized under this subsection.**

41 7. In the event the corporation franchise tax in chapter 147 is repealed by the general
42 assembly, there shall also be a reduction in the taxation of banks as follows: in lieu of the loss
43 of the corporation franchise tax credit reduction in subdivision (1) of subsection 2 of section
44 148.030, the bank shall receive a tax credit equal to one and one-half percent of net income as
45 determined in this chapter. This subsection shall take effect at the same time the corporation
46 franchise tax in chapter 147 is repealed.

47 8. An S corporation bank or bank holding company that otherwise qualifies to distribute
48 tax credits to its shareholders shall pass through any tax credits referred to in subsection 5 of this
49 section to its shareholders as otherwise provided for in subsection 10 of section 143.471 with no
50 reductions or limitations resulting from the transfer through such S corporation, and on the same
51 terms originally made available to the original taxpayer, subject to any original dollar or
52 percentage limitations on such credits, and when such S corporation is the original taxpayer,
53 treating such S corporation as having not elected Subchapter S status.

54 9. Notwithstanding any law to the contrary, in the event the corporation franchise tax in
55 chapter 147 is repealed by the general assembly, after such repeal all Missouri taxes of any nature
56 and type imposed directly or used as a tax credit against the bank's taxes shall be passed through
57 to the S corporation bank or bank holding company shareholder in the form otherwise permitted
58 by law, except for the following:

59 (1) Credits for taxes on real estate and tangible personal property owned by the bank and
60 held for lease or rental to others;

61 (2) Contributions paid pursuant to the unemployment compensation tax law of Missouri;
62 or

63 (3) State and local sales and use taxes collected by the bank on its sales of tangible
64 personal property and the services enumerated in chapter 144.

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