

SENATE AMENDMENT NO. _____

Offered by _____ of _____

Amend SS/SCS/HCS/House Bill No. 1682, Page 2, Section 9.182, Line 18,

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

4 "143.1160. 1. As used in this section, the following terms
5 mean:

6 (1) "Account holder", the same meaning as that term is
7 defined in section 191.1603;

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

11 (3) "Eligible expenses", the same meaning as that term is
12 defined in section 191.1603;

13 (4) "Long-term dignity savings account", the same meaning
14 as that term is defined in section 191.1603;

15 (5) "Qualified beneficiary", the same meaning as that term
16 is defined in section 191.1603;

17 (6) "Taxpayer", any individual who is a resident of this
18 state and subject to the income tax imposed under this chapter,
19 excluding withholding tax imposed under sections 143.191 to
20 143.265.

21 2. For all tax years beginning on or after January 1, 2021,
22 a taxpayer shall be allowed a deduction of one hundred percent of
23 a participating taxpayer's contributions to a long-term dignity

1 savings account in the tax year of the contribution. Each
2 taxpayer claiming the deduction under this section shall file an
3 affidavit with the income tax return verifying the amount of
4 their contributions. The amount of the deduction claimed shall
5 not exceed the amount of the taxpayer's Missouri adjusted gross
6 income for the tax year that the deduction is claimed, and shall
7 not exceed four thousand dollars per taxpayer claiming the
8 deduction, or eight thousand dollars if married filing combined.

9 3. Income earned or received as a result of assets in a
10 long-term dignity savings account shall not be subject to state
11 income tax imposed under this chapter. The exemption under this
12 section shall apply only to income maintained, accrued, or
13 expended pursuant to the requirements of sections 191.1601 to
14 191.1607, and no exemption shall apply to assets and income
15 expended for any other purpose. The amount of the deduction
16 claimed shall not exceed the amount of the taxpayer's Missouri
17 adjusted gross income for the tax year the deduction is claimed.

18 4. If any deductible contributions to or earnings from any
19 such programs referred to in this section are distributed and not
20 used to pay for eligible expenses or are not held for the minimum
21 length of time under subsection 2 of section 191.1605, the amount
22 so distributed shall be added to the Missouri adjusted gross
23 income of the account holder or, if the account holder is not
24 living, the qualified beneficiary, in the year of distribution.

25 5. The department of revenue shall promulgate rules to
26 implement the provisions of this section. Any rule or portion of
27 a rule, as that term is defined in section 536.010, that is
28 created under the authority delegated in this section shall
29 become effective only if it complies with and is subject to all

1 of the provisions of chapter 536 and, if applicable, section
2 536.028. This section and chapter 536 are nonseverable, and if
3 any of the powers vested with the general assembly pursuant to
4 chapter 536 to review, to delay the effective date, or to
5 disapprove and annul a rule are subsequently held
6 unconstitutional, then the grant of rulemaking authority and any
7 rule proposed or adopted after August 28, 2020, shall be invalid
8 and void.

9 6. Under section 23.253 of the Missouri sunset act:

10 (1) The provisions of the new program authorized under this
11 section shall automatically sunset on December thirty-first four
12 years after August 28, 2020, unless reauthorized by an act of the
13 general assembly;

14 (2) If such program is reauthorized, the program authorized
15 under this section shall automatically sunset on December
16 thirty-first four years after the effective date of the
17 reauthorization of this section; and

18 (3) This section shall terminate on September first of the
19 calendar year immediately following the calendar year in which
20 the program authorized under this section is sunset."; and

21 Further amend said bill, page 16, section 191.1146, line 11
22 of said page, by inserting immediately after all of said line the
23 following:

24 "191.1601. Section 143.1160 and sections 191.1601 to
25 191.1607 shall be known and may be cited as the "Long-Term
26 Dignity Act".

27 191.1603. As used in sections 191.1601 to 191.1607, the
28 following terms mean:

29 (1) "Account holder", an individual who establishes an

1 account with a financial institution that is designated as a
2 long-term dignity savings account in accordance with section
3 191.1604;

4 (2) "Department", the department of revenue;

5 (3) "Eligible expenses", the same meaning as "qualified
6 long-term care services" in 26 U.S.C. Section 7702B(c);

7 (4) "Financial institution", any state bank, state trust
8 company, savings and loan association, federally chartered credit
9 union doing business in this state, credit union chartered by the
10 state of Missouri, national bank, broker-dealer, mutual fund,
11 insurance company, or other similar financial entity qualified to
12 do business in this state;

13 (5) "Long-term dignity savings account" or "account", an
14 account with a financial institution designated as such in
15 accordance with subsection 1 of section 191.1604;

16 (6) "Qualified beneficiary", an individual designated by an
17 account holder for whose eligible expenses the moneys in a long-
18 term dignity savings account are or will be used; provided, that
19 such individual meets the definition of a "chronically ill
20 individual" in 26 U.S.C. Section 7702B(c) (2) at the time the
21 moneys are used.

22 191.1604. 1. Beginning January 1, 2021, any individual may
23 open an account with a financial institution and designate the
24 account, in its entirety, as a long-term dignity savings account
25 to be used to pay or reimburse a qualified beneficiary's eligible
26 expenses. An individual may be the account holder of multiple
27 accounts, and an individual may jointly own the account with
28 another person if such persons file a married filing combined
29 income tax return. To be eligible for the tax deduction under

1 section 143.1160, an account holder shall comply with the
2 requirements of this section.

3 2. An account holder shall designate, no later than April
4 fifteenth of the year following the tax year during which the
5 account was established, a qualified beneficiary of the long-term
6 dignity savings account. The account holder may designate
7 himself or herself as the qualified beneficiary. The account
8 holder may change the designated qualified beneficiary at any
9 time, but no long-term dignity savings account shall have more
10 than one qualified beneficiary at any time. No account holder
11 shall have multiple accounts with the same qualified beneficiary,
12 but an individual may be designated as the qualified beneficiary
13 of multiple accounts.

14 3. Moneys may remain in a long-term dignity savings account
15 for an unlimited duration without the interest or income being
16 subject to recapture or penalty.

17 4. The account holder shall not use moneys in an account to
18 pay expenses of administering the account, except that a service
19 fee may be deducted from the account by a financial institution.
20 The account holder shall be responsible for maintaining
21 documentation for the long-term dignity savings account and for
22 the qualified beneficiary's eligible expenses.

23 191.1605. 1. For purposes of the tax benefit conferred
24 under the long-term dignity savings account act, the moneys in a
25 long-term dignity savings account may be:

- 26 (1) Used for a qualified beneficiary's eligible expenses;
27 (2) Transferred to another newly created long-term dignity
28 savings account; and
29 (3) Used to pay a service fee that is deducted by the

1 financial institution.

2 2. Moneys withdrawn from a long-term dignity savings
3 account shall be subject to recapture in the tax year in which
4 they are withdrawn if:

5 (1) At the time of the withdrawal, it has been less than a
6 year since the first deposit in the long-term dignity savings
7 account; or

8 (2) The moneys are used for any purpose other than those
9 specified under subsection 1 of this section.

10 The recapture shall be an amount equal to the moneys withdrawn
11 and shall be added to the Missouri adjusted gross income of the
12 account holder or, if the account holder is not living, the
13 qualified beneficiary.

14 3. If any moneys are subject to recapture under subsection
15 2 of this section, the account holder shall pay to the department
16 a penalty in the same tax year as the recapture. If the
17 withdrawal was made ten or fewer years after the first deposit in
18 the long-term dignity savings account, the penalty shall be equal
19 to five percent of the amount subject to recapture, and, if the
20 withdrawal was made more than ten years after the first deposit
21 in the account, the penalty shall be equal to ten percent of the
22 amount subject to recapture. These penalties shall not apply if
23 the withdrawn moneys are from a long-term dignity savings account
24 for which the qualified beneficiary died, and the account holder
25 does not designate a new qualified beneficiary during the same
26 tax year.

27 4. If the account holder dies or, if the long-term dignity
28 account is jointly owned, the account holders die and the account
29 does not have a surviving transfer-on-death beneficiary, then all

1 of the moneys in the account that were used for a tax deduction
2 under section 143.1160 shall be subject to recapture in the tax
3 year of the death or deaths, but no penalty shall be due to the
4 department.

5 191.1606. 1. The department shall establish forms for an
6 account holder to annually report information about a long-term
7 dignity savings account including, but not limited to, how the
8 moneys withdrawn from the fund are used, and shall identify any
9 supporting documentation that is required to be maintained. To
10 be eligible for the tax deduction under section 143.1160, an
11 account holder shall annually file with the account holder's
12 state income tax return all forms required by the department
13 under this section, the 1099 form for the account issued by the
14 financial institution, and any other supporting documentation the
15 department requires.

16 2. The department may promulgate rules and regulations
17 necessary to administer the provisions of sections 191.1601 to
18 191.1607. Any rule or portion of a rule, as that term is defined
19 in section 536.010, that is created under the authority delegated
20 in this section shall become effective only if it complies with
21 and is subject to all of the provisions of chapter 536 and, if
22 applicable, section 536.028. This section and chapter 536 are
23 nonseverable, and if any of the powers vested with the general
24 assembly pursuant to chapter 536 to review, to delay the
25 effective date, or to disapprove and annul a rule are
26 subsequently held unconstitutional, then the grant of rulemaking
27 authority and any rule proposed or adopted after August 28, 2020,
28 shall be invalid and void.

29 191.1607. 1. No financial institution shall be required

1 to:

2 (1) Designate an account as a long-term dignity savings
3 account or designate the beneficiaries of an account in the
4 financial institution's account contracts or systems or in any
5 other way;

6 (2) Track the use of moneys withdrawn from a long-term
7 dignity savings account; or

8 (3) Report any information to the department or any other
9 governmental agency that is not otherwise required by law.

10 2. No financial institution shall be responsible or liable
11 for:

12 (1) Determining or ensuring that an account holder is
13 eligible for a tax deduction under section 143.1160;

14 (2) Determining or ensuring that moneys in the account are
15 used for eligible expenses; or

16 (3) Reporting or remitting taxes or penalties related to
17 use of moneys in a long-term dignity savings account.

18 3. In implementing sections 143.1160 and 191.1601 to
19 191.1607, the department shall not establish any administrative,
20 reporting, or other requirements on financial institutions that
21 are outside the scope of normal account procedures."; and

22 Further amend the title and enacting clause accordingly.