

# 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.