

SENATE SUBSTITUTE
FOR
SENATE BILL NO. 540
AN ACT

To repeal sections 143.174 and 143.175, RSMo, and to enact in lieu thereof three new sections relating to members of the armed forces.

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

Section A. Sections 143.174 and 143.175, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 42.312, 143.174, and 143.175, to read as follows:

42.312. 1. There is hereby created within the state adjutant general's office the "Operation Enduring Freedom, Operation Freedom's Sentinel, and Operation Allies Refuge Program". Every veteran who honorably served on active duty in the United States military service at any time beginning October 7, 2001, and ending August 30, 2021, shall be entitled to receive an Operation Enduring Freedom, Operation Freedom's Sentinel, and Operation Allies Refuge medallion, medal, and certificate of appreciation under this section, provided that:

(1) Such veteran is a legal resident of this state or was a legal resident of this state at the time he or she entered or was discharged from military service or at the time of his or her death or such veteran served in a unit of the Missouri National Guard regardless of whether such veteran is or ever was a legal resident of this state; and

(2) Such veteran was honorably separated or discharged from military service, is still in active service in an honorable status, or was in active service in an honorable status at the time of his or her death.

21 2. The Operation Enduring Freedom, Operation Freedom's
22 Sentinel, and Operation Allies Refuge medallion, medal, and
23 certificate shall be awarded regardless of whether such
24 veteran served within the United States or in a foreign
25 country. The medallion, medal, and certificate shall be
26 awarded regardless of whether such veteran was under
27 eighteen years of age at the time of enlistment. For
28 purposes of this section, "veteran" means any person defined
29 as a veteran by the United States Department of Veterans
30 Affairs or its successor agency.

 143.174. For all tax years beginning on or after
2 January 1, 2016, for purposes of calculating the Missouri
3 taxable income as required under section 143.011, one
4 hundred percent of the income received by any person as
5 salary or compensation in any form as a member of the active
6 duty component of the Armed Forces of the United States, and
7 to the extent that such income is included in the federal
8 adjusted gross income, may be deducted from the taxpayer's
9 Missouri adjusted gross income to determine such taxpayer's
10 Missouri taxable income. If such person files a combined
11 return with a spouse, any military income received while
12 engaging in the performance of active duty may be deducted
13 from their Missouri combined adjusted gross income. For the
14 purposes of this section, "salary or compensation" shall
15 include any signing bonus.

 143.175. 1. For all tax years beginning on or after
2 January 1, 2020, for purposes of calculating the Missouri
3 taxable income as required under section 143.011, a
4 percentage of the income received by any person as salary or
5 compensation:

6 (1) In performance of inactive duty for training (IDT)
7 of the National Guard or annual training status (AT) of the
8 National Guard; **[or]**

9 (2) In reserve components of the Armed Forces of the
10 United States; or

11 (3) In the form of a bonus from the National Guard or
12 a reserve component of the United States Armed Forces for
13 joining, reenlisting, or for any other reason;

14 and to the extent that such income is included in the
15 federal adjusted gross income, may be deducted from the
16 taxpayer's Missouri adjusted gross income to determine such
17 taxpayer's Missouri taxable income. If such person files a
18 combined return with a spouse, a percentage of any military
19 income received while engaging in the performance of
20 National Guard or reserve military duty may be deducted from
21 their Missouri combined adjusted gross income. Such
22 military income shall be deducted as follows:

23 (a) For the tax year beginning on or after January 1,
24 2020, twenty percent of such military income;

25 (b) For the tax year beginning on or after January 1,
26 2021, forty percent of such military income;

27 (c) For the tax year beginning on or after January 1,
28 2022, sixty percent of such income;

29 (d) For the tax year beginning on or after January 1,
30 2023, eighty percent of such income;

31 (e) For all tax years beginning on January 1, 2024,
32 and thereafter, one hundred percent of such income.

33 2. Notwithstanding the provisions of this section or
34 any other provision of law to the contrary, the deduction
35 authorized by this section shall not apply to compensation
36 received while engaging in civilian federal service,
37 including civil service positions requiring the wearing of
38 military uniform and military affiliation.