

SECOND REGULAR SESSION

# SENATE BILL NO. 1287

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR GREGORY (15).

5222S.011

KRISTINA MARTIN, Secretary

## AN ACT

To repeal section 143.124, RSMo, and to enact in lieu thereof one new section relating to private pension taxation.

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

Section A. Section 143.124, RSMo, is repealed and one new  
2 section enacted in lieu thereof, to be known as section 143.124,  
3 to read as follows:

143.124. 1. Other provisions of law to the contrary  
2 notwithstanding, for tax years ending on or before December  
3 31, 2006, the total amount of all annuities, pensions, or  
4 retirement allowances above the amount of six thousand  
5 dollars annually provided by any law of this state, the  
6 United States, or any other state to any person except as  
7 provided in subsection 4 of this section, shall be subject  
8 to tax pursuant to the provisions of this chapter, in the  
9 same manner, to the same extent and under the same  
10 conditions as any other taxable income received by the  
11 person receiving it. For purposes of this section,  
12 "annuity, pension, retirement benefit, or retirement  
13 allowance" shall be defined as an annuity, pension or  
14 retirement allowance provided by the United States, this  
15 state, any other state or any political subdivision or  
16 agency or institution of this or any other state. For all  
17 tax years beginning on or after January 1, 1998, for

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

18 purposes of this section, annuity, pension or retirement  
19 allowance shall be defined to include 401(k) plans, deferred  
20 compensation plans, self-employed retirement plans, also  
21 known as Keogh plans, annuities from a defined pension plan  
22 and individual retirement arrangements, also known as IRAs,  
23 as described in the Internal Revenue Code, but not including  
24 Roth IRAs, as well as an annuity, pension or retirement  
25 allowance provided by the United States, this state, any  
26 other state or any political subdivision or agency or  
27 institution of this or any other state. An individual  
28 taxpayer shall only be allowed a maximum deduction equal to  
29 the amounts provided under this section for each taxpayer on  
30 the combined return.

31 2. For the period beginning July 1, 1989, and ending  
32 December 31, 1989, there shall be subtracted from Missouri  
33 adjusted gross income for that period, determined pursuant  
34 to section 143.121, the first three thousand dollars of  
35 retirement benefits received by each taxpayer:

36 (1) If the taxpayer's filing status is single, head of  
37 household or qualifying widow(er) and the taxpayer's  
38 Missouri adjusted gross income is less than twelve thousand  
39 five hundred dollars; or

40 (2) If the taxpayer's filing status is married filing  
41 combined and their combined Missouri adjusted gross income  
42 is less than sixteen thousand dollars; or

43 (3) If the taxpayer's filing status is married filing  
44 separately and the taxpayer's Missouri adjusted gross income  
45 is less than eight thousand dollars.

46 3. [For the tax years beginning on or after January 1,  
47 1990, but ending on or before December 31, 2006,] There  
48 shall be subtracted from Missouri adjusted gross income,  
49 determined pursuant to section 143.121, [a maximum of the

first six thousand dollars of retirement benefits received by each taxpayer from sources other than privately funded sources, and for tax years beginning on or after January 1, 1998, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of the first one thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 1998, but before January 1, 1999, and a maximum of the first three thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 1999, but before January 1, 2000, and a maximum of the first four thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 2000, but before January 1, 2001, and a maximum of the first five thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 2001, but before January 1, 2002, and] a maximum of the first six thousand dollars of any retirement allowance received **by each taxpayer** from any privately funded sources for tax years beginning on or after January 1, 2002, **but before January 1, 2027, and a maximum of the first twelve thousand dollars of any retirement allowance received from any privately funded sources for tax years beginning on or after January 1, 2027.** A taxpayer shall be entitled to the maximum exemption provided by this subsection:

(1) If the taxpayer's filing status is single, head of household or qualifying widow(er) and the taxpayer's Missouri adjusted gross income is less than twenty-five thousand dollars **for all tax years ending on or before**

81 **December 31, 2026, and less than fifty thousand dollars for**  
82 **all tax years beginning on or after January 1, 2027; or**

83 (2) If the taxpayer's filing status is married filing  
84 combined and their combined Missouri adjusted gross income  
85 is less than thirty-two thousand dollars **for all tax years**  
86 **ending on or before December 31, 2026, and less than sixty-**  
87 **four thousand dollars for all tax years beginning on or**  
88 **after January 1, 2027; or**

89 (3) If the taxpayer's filing status is married filing  
90 separately and the taxpayer's Missouri adjusted gross income  
91 is less than sixteen thousand dollars **for all tax years**  
92 **ending on or before December 31, 2026, and less than thirty-**  
93 **two thousand six hundred dollars for all tax years beginning**  
94 **on or after January 1, 2027.**

95 4. If a taxpayer's adjusted gross income exceeds the  
96 adjusted gross income ceiling for such taxpayer's filing  
97 status, as provided in subdivisions (1), (2) and (3) of  
98 subsection 3 of this section, such taxpayer shall be  
99 entitled to an exemption equal to the greater of zero or the  
100 maximum exemption provided in subsection 3 of this section  
101 reduced by one dollar for every dollar such taxpayer's  
102 income exceeds the ceiling for his or her filing status.

103 5. For purposes of this subsection, the term "maximum  
104 Social Security benefit available" shall mean thirty-two  
105 thousand five hundred dollars for the tax year beginning on  
106 or after January 1, 2007, and for each subsequent tax year  
107 such amount shall be increased by the percentage increase in  
108 the Consumer Price Index for All Urban Consumers, or its  
109 successor index, as such index is defined and officially  
110 reported by the United States Department of Labor, or its  
111 successor agency. For the tax year beginning on or after  
112 January 1, 2007, but ending on or before December 31, 2007,

113 there shall be subtracted from Missouri adjusted gross  
114 income, determined pursuant to section 143.121, a maximum of  
115 an amount equal to the greater of: six thousand dollars in  
116 retirement benefits received from sources other than  
117 privately funded sources, to the extent such benefits are  
118 included in the taxpayer's federal adjusted gross income; or  
119 twenty percent of the retirement benefits received from  
120 sources other than privately funded sources in the tax year,  
121 but not to exceed the maximum Social Security benefit  
122 available for such tax year. For the tax year beginning on  
123 or after January 1, 2008, but ending on or before December  
124 31, 2008, there shall be subtracted from Missouri adjusted  
125 gross income, determined pursuant to section 143.121, a  
126 maximum of an amount equal to the greater of: six thousand  
127 dollars in retirement benefits received from sources other  
128 than privately funded sources, to the extent such benefits  
129 are included in the taxpayer's federal adjusted gross  
130 income; or thirty-five percent of the retirement benefits  
131 received from sources other than privately funded sources in  
132 the tax year, but not to exceed the maximum Social Security  
133 benefit available for such tax year. For the tax year  
134 beginning on or after January 1, 2009, but ending on or  
135 before December 31, 2009, there shall be subtracted from  
136 Missouri adjusted gross income, determined pursuant to  
137 section 143.121, a maximum of an amount equal to the greater  
138 of: six thousand dollars in retirement benefits received  
139 from sources other than privately funded sources, to the  
140 extent such benefits are included in the taxpayer's federal  
141 adjusted gross income; or fifty percent of the retirement  
142 benefits received from sources other than privately funded  
143 sources in the tax year, but not to exceed the maximum  
144 Social Security benefit available for such tax year. For

the tax year beginning on or after January 1, 2010, but ending on or before December 31, 2010, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or sixty-five percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For the tax year beginning on or after January 1, 2011, but ending on or before December 31, 2011, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or eighty percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For all tax years beginning on or after January 1, 2012, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to one hundred percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For all tax years beginning on or before December 31, 2023, a taxpayer shall be entitled to the maximum exemption provided by this subsection:

177           (1) If the taxpayer's filing status is married filing  
178 combined, and their combined Missouri adjusted gross income  
179 is equal to or less than one hundred thousand dollars; or

180           (2) If the taxpayer's filing status is single, head of  
181 household, qualifying widow(er), or married filing  
182 separately, and the taxpayer's Missouri adjusted gross  
183 income is equal to or less than eighty-five thousand dollars.

184 For all tax years beginning on or after January 1, 2024, a  
185 taxpayer shall be entitled to the maximum exemption provided  
186 by this subsection regardless of the taxpayer's filing  
187 status or the amount of the taxpayer's Missouri adjusted  
188 gross income.

189           6. For all tax years beginning on or before December  
190 31, 2023, if a taxpayer's adjusted gross income exceeds the  
191 adjusted gross income ceiling for such taxpayer's filing  
192 status, as provided in subdivisions (1) and (2) of  
193 subsection 5 of this section, such taxpayer shall be  
194 entitled to an exemption, less any applicable reduction  
195 provided under subsection 7 of this section, equal to the  
196 greater of zero or the maximum exemption provided in  
197 subsection 5 of this section reduced by one dollar for every  
198 dollar such taxpayer's income exceeds the ceiling for his or  
199 her filing status.

200           7. For purposes of calculating the subtraction  
201 provided in subsection 5 of this section, such subtraction  
202 shall be decreased by an amount equal to any Social Security  
203 benefit exemption provided under section 143.125.

204           8. For purposes of this section, any Social Security  
205 benefits otherwise included in Missouri adjusted gross  
206 income shall be subtracted; but Social Security benefits  
207 shall not be subtracted for purposes of other computations

pursuant to this chapter, and are not to be considered as retirement benefits for purposes of this section.

9. The provisions of subdivisions (1) and (2) of subsection 3 of this section shall apply during all tax years in which the federal Internal Revenue Code provides exemption levels for calculation of the taxability of Social Security benefits that are the same as the levels in subdivisions (1) and (2) of subsection 3 of this section. If the exemption levels for the calculation of the taxability of Social Security benefits are adjusted by applicable federal law or regulation, the exemption levels in subdivisions (1) and (2) of subsection 3 of this section shall be accordingly adjusted to the same exemption levels.

10. The portion of a taxpayer's lump sum distribution from an annuity or other retirement plan not otherwise included in Missouri adjusted gross income as calculated pursuant to this chapter but subject to taxation under Internal Revenue Code Section 402 shall be taxed in an amount equal to ten percent of the taxpayer's federal liability on such distribution for the same tax year.

11. For purposes of this section, retirement benefits received shall not include any withdrawals from qualified retirement plans which are subsequently rolled over into another retirement plan.

12. The exemptions provided for in this section shall not affect the calculation of the income to be used to determine the property tax credit provided in sections 135.010 to 135.035.

13. The exemptions provided for in this section shall apply to any annuity, pension, or retirement allowance as defined in subsection 1 of this section to the extent that such amounts are included in the taxpayer's federal adjusted

240 gross income and not otherwise deducted from the taxpayer's  
241 federal adjusted gross income in the calculation of Missouri  
242 taxable income. This subsection shall not apply to any  
243 individual who qualifies under federal guidelines to be one  
244 hundred percent disabled.

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