

SECOND REGULAR SESSION

SENATE BILL NO. 1287

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR GREGORY (15).

5222S.01I

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Section A. Section 143.124, RSMo, is repealed and one new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

50 first six thousand dollars of retirement benefits received
51 by each taxpayer from sources other than privately funded
52 sources, and for tax years beginning on or after January 1,
53 1998, there shall be subtracted from Missouri adjusted gross
54 income, determined pursuant to section 143.121, a maximum of
55 the first one thousand dollars of any retirement allowance
56 received from any privately funded source for tax years
57 beginning on or after January 1, 1998, but before January 1,
58 1999, and a maximum of the first three thousand dollars of
59 any retirement allowance received from any privately funded
60 source for tax years beginning on or after January 1, 1999,
61 but before January 1, 2000, and a maximum of the first four
62 thousand dollars of any retirement allowance received from
63 any privately funded source for tax years beginning on or
64 after January 1, 2000, but before January 1, 2001, and a
65 maximum of the first five thousand dollars of any retirement
66 allowance received from any privately funded source for tax
67 years beginning on or after January 1, 2001, but before
68 January 1, 2002, and] a maximum of the first six thousand
69 dollars of any retirement allowance received **by each**
70 **taxpayer** from any privately funded sources for tax years
71 beginning on or after January 1, 2002, **but before January 1,**
72 **2027, and a maximum of the first twelve thousand dollars of**
73 **any retirement allowance received from any privately funded**
74 **sources for tax years beginning on or after January 1,**
75 **2027.** A taxpayer shall be entitled to the maximum exemption
76 provided by this subsection:

77 (1) If the taxpayer's filing status is single, head of
78 household or qualifying widow(er) and the taxpayer's
79 Missouri adjusted gross income is less than twenty-five
80 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

145 the tax year beginning on or after January 1, 2010, but
146 ending on or before December 31, 2010, there shall be
147 subtracted from Missouri adjusted gross income, determined
148 pursuant to section 143.121, a maximum of an amount equal to
149 the greater of: six thousand dollars in retirement benefits
150 received from sources other than privately funded sources,
151 to the extent such benefits are included in the taxpayer's
152 federal adjusted gross income; or sixty-five percent of the
153 retirement benefits received from sources other than
154 privately funded sources in the tax year, but not to exceed
155 the maximum Social Security benefit available for such tax
156 year. For the tax year beginning on or after January 1,
157 2011, but ending on or before December 31, 2011, there shall
158 be subtracted from Missouri adjusted gross income,
159 determined pursuant to section 143.121, a maximum of an
160 amount equal to the greater of: six thousand dollars in
161 retirement benefits received from sources other than
162 privately funded sources, to the extent such benefits are
163 included in the taxpayer's federal adjusted gross income; or
164 eighty percent of the retirement benefits received from
165 sources other than privately funded sources in the tax year,
166 but not to exceed the maximum Social Security benefit
167 available for such tax year. For all tax years beginning on
168 or after January 1, 2012, there shall be subtracted from
169 Missouri adjusted gross income, determined pursuant to
170 section 143.121, a maximum of an amount equal to one hundred
171 percent of the retirement benefits received from sources
172 other than privately funded sources in the tax year, but not
173 to exceed the maximum Social Security benefit available for
174 such tax year. For all tax years beginning on or before
175 December 31, 2023, a taxpayer shall be entitled to the
176 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

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

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

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

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

232 12. The exemptions provided for in this section shall
233 not affect the calculation of the income to be used to
234 determine the property tax credit provided in sections
235 135.010 to 135.035.

236 13. The exemptions provided for in this section shall
237 apply to any annuity, pension, or retirement allowance as
238 defined in subsection 1 of this section to the extent that
239 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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