

FIRST REGULAR SESSION

SENATE BILL NO. 107

90TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CHILDERS.

Pre-filed December 1, 1998, and 1,000 copies ordered printed.

S0264.011

TERRY L. SPIELER, Secretary.

AN ACT

To repeal section 143.124, RSMo Supp. 1998, relating to income taxation, and to enact in lieu thereof one new section relating to the same subject, with an effective date.

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

Section A. Section 143.124, RSMo Supp. 1998, is repealed and one new section enacted in lieu thereof, to be known as section 143.124, to read as follows:

143.124. 1. Other provisions of law to the contrary notwithstanding, the total amount of all annuities, pensions, or retirement allowances above the amount of six thousand dollars annually provided by any law of this state, the United States, or any other state to any person except as provided in subsection 4 of this section, shall be subject to tax pursuant to the provisions of this chapter, in the same manner, to the same extent and under the same conditions as any other taxable income received by the person receiving it. For purposes of this section, annuity, pension, or retirement allowance shall be defined as an annuity, pension or retirement allowance provided by the United States, this state, any other state or any political subdivision or agency or institution of this or any other state. For all tax years beginning on or after January 1, 1998, for purposes of this section, annuity, pension or retirement allowance shall be defined to include self-employed retirement plans, also known as Keogh plans, annuities from a defined pension plan and individual retirement arrangements, also known as IRAs, as described in the Internal Revenue Code, as well as an annuity, pension or retirement allowance provided by the United States, this state, any other state or any political subdivision or agency or institution of this or any other state.

2. For the period beginning July 1, 1989, and ending December 31, 1989, there shall be

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

subtracted from Missouri adjusted gross income for that period, determined pursuant to section 143.121, the first three thousand dollars of retirement benefits received by each taxpayer:

(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 twelve thousand five hundred dollars; or

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

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

3. For the tax years beginning on or after January 1, 1990, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, 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, 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 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 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 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 the first six thousand dollars of any retirement allowance received from any privately funded sources for tax years beginning on or after January 1, 2002:

(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] **thirty-two** thousand dollars; or

(2) If the taxpayer's filing status is married filing combined and their combined Missouri adjusted gross income is less than [thirty-two] **forty** thousand dollars; or

(3) If the taxpayer's filing status is married filing separately and the taxpayer's Missouri adjusted gross income is less than [sixteen] **twenty** thousand dollars.

4. To determine the maximum Missouri adjusted gross income limits referenced in this section, any social security benefits included in Missouri adjusted gross income shall be subtracted. But social security benefits 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.

5. 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.

6. 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.

7. 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, RSMo.

Section B. The repeal and reenactment of section 143.124 shall become effective on January 1, 2000, and shall apply to all taxable years beginning on or after January 1, 2000.

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Bill

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