

**SENATE AMENDMENT NO. \_\_\_\_\_**

Offered by \_\_\_\_\_ Of \_\_\_\_\_

Amend Senate Bill No. 994, Page 1, Section A, Line 3,

2 by inserting after all of said line the following:

3 "143.121. 1. The Missouri adjusted gross income of a  
4 resident individual shall be the taxpayer's federal adjusted  
5 gross income subject to the modifications in this section.

6 2. There shall be added to the taxpayer's federal  
7 adjusted gross income:

8 (1) The amount of any federal income tax refund  
9 received for a prior year which resulted in a Missouri  
10 income tax benefit. The amount added pursuant to this  
11 subdivision shall not include any amount of a federal income  
12 tax refund attributable to a tax credit reducing a  
13 taxpayer's federal tax liability pursuant to Public Law 116-  
14 136 or 116-260, enacted by the 116th United States Congress,  
15 for the tax year beginning on or after January 1, 2020, and  
16 ending on or before December 31, 2020, and deducted from  
17 Missouri adjusted gross income pursuant to section 143.171.  
18 The amount added under this subdivision shall also not  
19 include any amount of a federal income tax refund  
20 attributable to a tax credit reducing a taxpayer's federal  
21 tax liability under any other federal law that provides  
22 direct economic impact payments to taxpayers to mitigate  
23 financial challenges related to the COVID-19 pandemic, and  
24 deducted from Missouri adjusted gross income under section  
25 143.171;

26           (2) Interest on certain governmental obligations  
27 excluded from federal gross income by 26 U.S.C. Section 103  
28 of the Internal Revenue Code, as amended. The previous  
29 sentence shall not apply to interest on obligations of the  
30 state of Missouri or any of its political subdivisions or  
31 authorities and shall not apply to the interest described in  
32 subdivision (1) of subsection 3 of this section. The amount  
33 added pursuant to this subdivision shall be reduced by the  
34 amounts applicable to such interest that would have been  
35 deductible in computing the taxable income of the taxpayer  
36 except only for the application of 26 U.S.C. Section 265 of  
37 the Internal Revenue Code, as amended. The reduction shall  
38 only be made if it is at least five hundred dollars;

39           (3) The amount of any deduction that is included in  
40 the computation of federal taxable income pursuant to 26  
41 U.S.C. Section 168 of the Internal Revenue Code as amended  
42 by the Job Creation and Worker Assistance Act of 2002 to the  
43 extent the amount deducted relates to property purchased on  
44 or after July 1, 2002, but before July 1, 2003, and to the  
45 extent the amount deducted exceeds the amount that would  
46 have been deductible pursuant to 26 U.S.C. Section 168 of  
47 the Internal Revenue Code of 1986 as in effect on January 1,  
48 2002;

49           (4) The amount of any deduction that is included in  
50 the computation of federal taxable income for net operating  
51 loss allowed by 26 U.S.C. Section 172 of the Internal  
52 Revenue Code of 1986, as amended, other than the deduction  
53 allowed by 26 U.S.C. Section 172(b)(1)(G) and 26 U.S.C.  
54 Section 172(i) of the Internal Revenue Code of 1986, as  
55 amended, for a net operating loss the taxpayer claims in the  
56 tax year in which the net operating loss occurred or carries  
57 forward for a period of more than twenty years and carries  
58 backward for more than two years. Any amount of net

59 operating loss taken against federal taxable income but  
60 disallowed for Missouri income tax purposes pursuant to this  
61 subdivision after June 18, 2002, may be carried forward and  
62 taken against any income on the Missouri income tax return  
63 for a period of not more than twenty years from the year of  
64 the initial loss; and

65 (5) For nonresident individuals in all taxable years  
66 ending on or after December 31, 2006, the amount of any  
67 property taxes paid to another state or a political  
68 subdivision of another state for which a deduction was  
69 allowed on such nonresident's federal return in the taxable  
70 year unless such state, political subdivision of a state, or  
71 the District of Columbia allows a subtraction from income  
72 for property taxes paid to this state for purposes of  
73 calculating income for the income tax for such state,  
74 political subdivision of a state, or the District of  
75 Columbia;

76 (6) For all tax years beginning on or after January 1,  
77 2018, any interest expense paid or accrued in a previous  
78 taxable year, but allowed as a deduction under 26 U.S.C.  
79 Section 163, as amended, in the current taxable year by  
80 reason of the carryforward of disallowed business interest  
81 provisions of 26 U.S.C. Section 163(j), as amended. For the  
82 purposes of this subdivision, an interest expense is  
83 considered paid or accrued only in the first taxable year  
84 the deduction would have been allowable under 26 U.S.C.  
85 Section 163, as amended, if the limitation under 26 U.S.C.  
86 Section 163(j), as amended, did not exist.

87 3. There shall be subtracted from the taxpayer's  
88 federal adjusted gross income the following amounts to the  
89 extent included in federal adjusted gross income:

90 (1) Interest received on deposits held at a federal  
91 reserve bank or interest or dividends on obligations of the

92 United States and its territories and possessions or of any  
93 authority, commission or instrumentality of the United  
94 States to the extent exempt from Missouri income taxes  
95 pursuant to the laws of the United States. The amount  
96 subtracted pursuant to this subdivision shall be reduced by  
97 any interest on indebtedness incurred to carry the described  
98 obligations or securities and by any expenses incurred in  
99 the production of interest or dividend income described in  
100 this subdivision. The reduction in the previous sentence  
101 shall only apply to the extent that such expenses including  
102 amortizable bond premiums are deducted in determining the  
103 taxpayer's federal adjusted gross income or included in the  
104 taxpayer's Missouri itemized deduction. The reduction shall  
105 only be made if the expenses total at least five hundred  
106 dollars;

107 (2) The portion of any gain, from the sale or other  
108 disposition of property having a higher adjusted basis to  
109 the taxpayer for Missouri income tax purposes than for  
110 federal income tax purposes on December 31, 1972, that does  
111 not exceed such difference in basis. If a gain is  
112 considered a long-term capital gain for federal income tax  
113 purposes, the modification shall be limited to one-half of  
114 such portion of the gain;

115 (3) The amount necessary to prevent the taxation  
116 pursuant to this chapter of any annuity or other amount of  
117 income or gain which was properly included in income or gain  
118 and was taxed pursuant to the laws of Missouri for a taxable  
119 year prior to January 1, 1973, to the taxpayer, or to a  
120 decedent by reason of whose death the taxpayer acquired the  
121 right to receive the income or gain, or to a trust or estate  
122 from which the taxpayer received the income or gain;

123           (4) Accumulation distributions received by a taxpayer  
124 as a beneficiary of a trust to the extent that the same are  
125 included in federal adjusted gross income;

126           (5) The amount of any state income tax refund for a  
127 prior year which was included in the federal adjusted gross  
128 income;

129           (6) The portion of capital gain specified in section  
130 135.357 that would otherwise be included in federal adjusted  
131 gross income;

132           (7) The amount that would have been deducted in the  
133 computation of federal taxable income pursuant to 26 U.S.C.  
134 Section 168 of the Internal Revenue Code as in effect on  
135 January 1, 2002, to the extent that amount relates to  
136 property purchased on or after July 1, 2002, but before July  
137 1, 2003, and to the extent that amount exceeds the amount  
138 actually deducted pursuant to 26 U.S.C. Section 168 of the  
139 Internal Revenue Code as amended by the Job Creation and  
140 Worker Assistance Act of 2002;

141           (8) For all tax years beginning on or after January 1,  
142 2005, the amount of any income received for military service  
143 while the taxpayer serves in a combat zone which is included  
144 in federal adjusted gross income and not otherwise excluded  
145 therefrom. As used in this section, "combat zone" means any  
146 area which the President of the United States by Executive  
147 Order designates as an area in which Armed Forces of the  
148 United States are or have engaged in combat. Service is  
149 performed in a combat zone only if performed on or after the  
150 date designated by the President by Executive Order as the  
151 date of the commencing of combat activities in such zone,  
152 and on or before the date designated by the President by  
153 Executive Order as the date of the termination of combatant  
154 activities in such zone;

155           (9) For all tax years ending on or after July 1, 2002,  
156 with respect to qualified property that is sold or otherwise  
157 disposed of during a taxable year by a taxpayer and for  
158 which an additional modification was made under subdivision  
159 (3) of subsection 2 of this section, the amount by which  
160 additional modification made under subdivision (3) of  
161 subsection 2 of this section on qualified property has not  
162 been recovered through the additional subtractions provided  
163 in subdivision (7) of this subsection;

164           (10) For all tax years beginning on or after January  
165 1, 2014, the amount of any income received as payment from  
166 any program which provides compensation to agricultural  
167 producers who have suffered a loss as the result of a  
168 disaster or emergency, including the:

- 169           (a) Livestock Forage Disaster Program;
- 170           (b) Livestock Indemnity Program;
- 171           (c) Emergency Assistance for Livestock, Honeybees, and  
172 Farm-Raised Fish;
- 173           (d) Emergency Conservation Program;
- 174           (e) Noninsured Crop Disaster Assistance Program;
- 175           (f) Pasture, Rangeland, Forage Pilot Insurance Program;
- 176           (g) Annual Forage Pilot Program;
- 177           (h) Livestock Risk Protection Insurance Plan;
- 178           (i) Livestock Gross Margin Insurance Plan;

179           (11) For all tax years beginning on or after January  
180 1, 2018, any interest expense paid or accrued in the current  
181 taxable year, but not deducted as a result of the limitation  
182 imposed under 26 U.S.C. Section 163(j), as amended. For the  
183 purposes of this subdivision, an interest expense is  
184 considered paid or accrued only in the first taxable year  
185 the deduction would have been allowable under 26 U.S.C.  
186 Section 163, as amended, if the limitation under 26 U.S.C.  
187 Section 163(j), as amended, did not exist;

188           (12) One hundred percent of any retirement benefits  
189 received by any taxpayer as a result of the taxpayer's  
190 service in the Armed Forces of the United States, including  
191 reserve components and the National Guard of this state, as  
192 defined in 32 U.S.C. Sections 101(3) and 109, and any other  
193 military force organized under the laws of this state;

194           (13) For all tax years beginning on or after January  
195 1, 2022, one hundred percent of any federal, state, or local  
196 grant moneys received by the taxpayer if the grant money was  
197 disbursed for the express purpose of providing or expanding  
198 access to broadband internet to areas of the state deemed to  
199 be lacking such access;

200           (14) (a) For all tax years beginning on or after  
201 January 1, 2025, one hundred percent of all income reported  
202 as a capital gain for federal income tax purposes by an  
203 individual subject to tax pursuant to section 143.011; and

204           (b) For all tax years beginning on or after January  
205 first of the tax year following the tax year in which the  
206 top rate of tax imposed pursuant to section 143.011 is equal  
207 to or less than four and one-half percent, one hundred  
208 percent of all income reported as a capital gain for federal  
209 income tax purposes by an entity subject to tax pursuant to  
210 section 143.071; and

211           (15) For all tax years beginning on or after January  
212 1, 2026, the portion of capital gain on the sale or exchange  
213 of specie, as that term is defined in section 408.010, that  
214 are otherwise included in the taxpayer's federal adjusted  
215 gross income.

216           4. There shall be added to or subtracted from the  
217 taxpayer's federal adjusted gross income the taxpayer's  
218 share of the Missouri fiduciary adjustment provided in  
219 section 143.351.

220           5. There shall be added to or subtracted from the  
221 taxpayer's federal adjusted gross income the modifications  
222 provided in section 143.411.

223           6. In addition to the modifications to a taxpayer's  
224 federal adjusted gross income in this section, to calculate  
225 Missouri adjusted gross income there shall be subtracted  
226 from the taxpayer's federal adjusted gross income any gain  
227 recognized pursuant to 26 U.S.C. Section 1033 of the  
228 Internal Revenue Code of 1986, as amended, arising from  
229 compulsory or involuntary conversion of property as a result  
230 of condemnation or the imminence thereof.

231           7. (1) As used in this subsection, "qualified health  
232 insurance premium" means the amount paid during the tax year  
233 by such taxpayer for any insurance policy primarily  
234 providing health care coverage for the taxpayer, the  
235 taxpayer's spouse, or the taxpayer's dependents.

236           (2) In addition to the subtractions in subsection 3 of  
237 this section, one hundred percent of the amount of qualified  
238 health insurance premiums shall be subtracted from the  
239 taxpayer's federal adjusted gross income to the extent the  
240 amount paid for such premiums is included in federal taxable  
241 income. The taxpayer shall provide the department of  
242 revenue with proof of the amount of qualified health  
243 insurance premiums paid.

244           8. (1) Beginning January 1, 2014, in addition to the  
245 subtractions provided in this section, one hundred percent  
246 of the cost incurred by a taxpayer for a home energy audit  
247 conducted by an entity certified by the department of  
248 natural resources under section 640.153 or the  
249 implementation of any energy efficiency recommendations made  
250 in such an audit shall be subtracted from the taxpayer's  
251 federal adjusted gross income to the extent the amount paid  
252 for any such activity is included in federal taxable

253 income. The taxpayer shall provide the department of  
254 revenue with a summary of any recommendations made in a  
255 qualified home energy audit, the name and certification  
256 number of the qualified home energy auditor who conducted  
257 the audit, and proof of the amount paid for any activities  
258 under this subsection for which a deduction is claimed. The  
259 taxpayer shall also provide a copy of the summary of any  
260 recommendations made in a qualified home energy audit to the  
261 department of natural resources.

262 (2) At no time shall a deduction claimed under this  
263 subsection by an individual taxpayer or taxpayers filing  
264 combined returns exceed one thousand dollars per year for  
265 individual taxpayers or cumulatively exceed two thousand  
266 dollars per year for taxpayers filing combined returns.

267 (3) Any deduction claimed under this subsection shall  
268 be claimed for the tax year in which the qualified home  
269 energy audit was conducted or in which the implementation of  
270 the energy efficiency recommendations occurred. If  
271 implementation of the energy efficiency recommendations  
272 occurred during more than one year, the deduction may be  
273 claimed in more than one year, subject to the limitations  
274 provided under subdivision (2) of this subsection.

275 (4) A deduction shall not be claimed for any otherwise  
276 eligible activity under this subsection if such activity  
277 qualified for and received any rebate or other incentive  
278 through a state-sponsored energy program or through an  
279 electric corporation, gas corporation, electric cooperative,  
280 or municipally owned utility.

281 9. The provisions of subsection 8 of this section  
282 shall expire on December 31, 2020.

283 10. (1) As used in this subsection, the following  
284 terms mean:

285 (a) "Beginning farmer", a taxpayer who:

286 a. Has filed at least one but not more than ten  
287 Internal Revenue Service Schedule F (Form 1040) Profit or  
288 Loss From Farming forms since turning eighteen years of age;

289 b. Is approved for a beginning farmer loan through the  
290 USDA Farm Service Agency Beginning Farmer direct or  
291 guaranteed loan program;

292 c. Has a farming operation that is determined by the  
293 department of agriculture to be new production agriculture  
294 but is the principal operator of a farm and has substantial  
295 farming knowledge; or

296 d. Has been determined by the department of  
297 agriculture to be a qualified family member;

298 (b) "Farm owner", [an individual] a taxpayer who owns  
299 farmland and disposes of or relinquishes use of all or some  
300 portion of such farmland as follows:

301 a. A sale to a beginning farmer;

302 b. A lease or rental agreement not exceeding ten years  
303 with a beginning farmer; or

304 c. A crop-share arrangement not exceeding ten years  
305 with a beginning farmer;

306 (c) "Qualified family member", an individual who is  
307 related to a farm owner within the fourth degree by blood,  
308 marriage, or adoption and who is purchasing or leasing or is  
309 in a crop-share arrangement for land from all or a portion  
310 of such farm owner's farming operation;

311 (d) "Taxpayer", any individual, trust, firm, partner  
312 in a firm, corporation, partnership, shareholder in an S  
313 corporation, or member of a limited liability company  
314 subject to the income tax imposed under this chapter,  
315 excluding withholding tax imposed under sections 143.191 to  
316 143.265.

317 (2) (a) In addition to all other subtractions  
318 authorized in this section, a taxpayer who is a farm owner

319 who sells all or a portion of such farmland to a beginning  
320 farmer may subtract from such taxpayer's Missouri adjusted  
321 gross income an amount to the extent included in federal  
322 adjusted gross income as provided in this subdivision.

323 (b) Subject to the limitations in paragraph (c) of  
324 this subdivision, the amount that may be subtracted shall be  
325 equal to the portion of capital gains received from the sale  
326 of such farmland that such taxpayer receives in the tax year  
327 for which such taxpayer subtracts such capital gain.

328 (c) A taxpayer may subtract the following amounts and  
329 percentages per tax year in total capital gains received  
330 from the sale of such farmland under this subdivision:

331 a. For the first two million dollars received, one  
332 hundred percent;

333 b. For the next one million dollars received, eighty  
334 percent;

335 c. For the next one million dollars received, sixty  
336 percent;

337 d. For the next one million dollars received, forty  
338 percent; and

339 e. For the next one million dollars received, twenty  
340 percent.

341 (d) The department of revenue shall prepare an annual  
342 report reviewing the costs and benefits and containing  
343 statistical information regarding the subtraction of capital  
344 gains authorized under this subdivision for the previous tax  
345 year including, but not limited to, the total amount of all  
346 capital gains subtracted and the number of taxpayers  
347 subtracting such capital gains. Such report shall be  
348 submitted before February first of each year to the  
349 committee on agriculture policy of the Missouri house of  
350 representatives and the committee on agriculture, food

351 production and outdoor resources of the Missouri senate, or  
352 the successor committees.

353 (3) (a) In addition to all other subtractions  
354 authorized in this section, a taxpayer who is a farm owner  
355 who enters a lease or rental agreement for all or a portion  
356 of such farmland with a beginning farmer may subtract from  
357 such taxpayer's Missouri adjusted gross income an amount to  
358 the extent included in federal adjusted gross income as  
359 provided in this subdivision.

360 (b) Subject to the limitation in paragraph (c) of this  
361 subdivision, the amount that may be subtracted shall be  
362 equal to the portion of cash rent income received from the  
363 lease or rental of such farmland that such taxpayer receives  
364 in the tax year for which such taxpayer subtracts such  
365 income.

366 (c) No taxpayer shall subtract more than twenty-five  
367 thousand dollars per tax year in total cash rent income  
368 received from the lease or rental of such farmland under  
369 this subdivision.

370 (4) (a) In addition to all other subtractions  
371 authorized in this section, a taxpayer who is a farm owner  
372 who enters a crop-share arrangement on all or a portion of  
373 such farmland with a beginning farmer may subtract from such  
374 taxpayer's Missouri adjusted gross income an amount to the  
375 extent included in federal adjusted gross income as provided  
376 in this subdivision.

377 (b) Subject to the limitation in paragraph (c) of this  
378 subdivision, the amount that may be subtracted shall be  
379 equal to the portion of income received from the crop-share  
380 arrangement on such farmland that such taxpayer receives in  
381 the tax year for which such taxpayer subtracts such income.

382           (c) No taxpayer shall subtract more than twenty-five  
383 thousand dollars per tax year in total income received from  
384 the lease or rental of such farmland under this subdivision.

385           (5) The department of agriculture shall, by rule,  
386 establish a process to verify that a taxpayer is a beginning  
387 farmer for purposes of this section and shall provide  
388 verification to the beginning farmer and farm seller of such  
389 farmer's and seller's certification and qualification for  
390 the exemption provided in this subsection."; and

391           Further amend the title and enacting clause accordingly.