

SENATE AMENDMENT NO. _____

Offered by _____ of _____

Amend SS/SCS/Senate Bill No. 1003, Page 25, Section 105.270, Line 47,

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, including any survivor benefits
190 derived therefrom, as a result of the taxpayer's service in
191 the Armed Forces of the United States, including reserve
192 components and the National Guard of this state, as defined
193 in 32 U.S.C. Sections 101(3) and 109, and any other military
194 force organized under the laws of this state;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

302 a. A sale to a beginning farmer;

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

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

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

312 (2) (a) In addition to all other subtractions
313 authorized in this section, a taxpayer who is a farm owner
314 who sells all or a portion of such farmland to a beginning
315 farmer may subtract from such taxpayer's Missouri adjusted
316 gross income an amount to the extent included in federal
317 adjusted gross income as provided in this subdivision.

318 (b) Subject to the limitations in paragraph (c) of
319 this subdivision, the amount that may be subtracted shall be

320 equal to the portion of capital gains received from the sale
321 of such farmland that such taxpayer receives in the tax year
322 for which such taxpayer subtracts such capital gain.

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

326 a. For the first two million dollars received, one
327 hundred percent;

328 b. For the next one million dollars received, eighty
329 percent;

330 c. For the next one million dollars received, sixty
331 percent;

332 d. For the next one million dollars received, forty
333 percent; and

334 e. For the next one million dollars received, twenty
335 percent.

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

348 (3) (a) In addition to all other subtractions
349 authorized in this section, a taxpayer who is a farm owner
350 who enters a lease or rental agreement for all or a portion
351 of such farmland with a beginning farmer may subtract from
352 such taxpayer's Missouri adjusted gross income an amount to

353 the extent included in federal adjusted gross income as
354 provided in this subdivision.

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

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

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

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

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

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

386 Further amend the title and enacting clause accordingly.