

FIRST REGULAR SESSION

# SENATE BILL NO. 319

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CLEMENS.

Read 1st time January 18, 2007, and ordered printed.

TERRY L. SPIELER, Secretary.

1038S.011

## AN ACT

To repeal section 143.124, RSMo, and to enact in lieu thereof one new section relating to income 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Section A. Section 143.124, RSMo, is repealed and one new section  
2 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, **for**  
2 **all tax years beginning before January 1, 2008**, the total amount of all  
3 annuities, pensions, or retirement allowances above the amount of six thousand  
4 dollars annually provided by any law of this state, the United States, or any other  
5 state to any person except as provided in subsection 4 of this section, shall be  
6 subject to tax pursuant to the provisions of this chapter, in the same manner, to  
7 the same extent and under the same conditions as any other taxable income  
8 received by the person receiving it. For purposes of this section, annuity,  
9 pension, or retirement allowance shall be defined as an annuity, pension or  
10 retirement allowance provided by the United States, this state, any other state  
11 or any political subdivision or agency or institution of this or any other state. For  
12 all tax years beginning on or after January 1, 1998, for purposes of this section,  
13 annuity, pension or retirement allowance shall be defined to include 401(k) plans,  
14 deferred compensation plans, self-employed retirement plans, also known as  
15 Keogh plans, annuities from a defined pension plan and individual retirement  
16 arrangements, also known as IRAs, as described in the Internal Revenue Code,  
17 but not including Roth IRAs, as well as an annuity, pension or retirement  
18 allowance provided by the United States, this state, any other state or any  
19 political subdivision or agency or institution of this or any other state. An

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

20 individual taxpayer shall only be allowed a maximum deduction of six thousand  
21 dollars pursuant to this section. Taxpayers filing combined returns shall only be  
22 allowed a maximum deduction of six thousand dollars for each taxpayer on the  
23 combined return. **For all tax years beginning on or after January 1, 2008,**  
24 **no annuity, pension, or retirement allowance, whether public or**  
25 **private, subtracted from federal adjusted gross income under section**  
26 **143.121 shall be subject to tax under this chapter.**

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

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

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

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

39 3.] For [the] tax years beginning on or after January 1, 1990, there shall  
40 be subtracted from Missouri adjusted gross income, determined pursuant to  
41 section 143.121, a maximum of the first six thousand dollars of retirement  
42 benefits received by each taxpayer from sources other than privately funded  
43 sources, and for tax years beginning on or after January 1, 1998, there shall be  
44 subtracted from Missouri adjusted gross income, determined pursuant to section  
45 143.121, a maximum of the first one thousand dollars of any retirement allowance  
46 received from any privately funded source for tax years beginning on or after  
47 January 1, 1998, but before January 1, 1999, and a maximum of the first three  
48 thousand dollars of any retirement allowance received from any privately funded  
49 source for tax years beginning on or after January 1, 1999, but before January 1,  
50 2000, and a maximum of the first four thousand dollars of any retirement  
51 allowance received from any privately funded source for tax years beginning on  
52 or after January 1, 2000, but before January 1, 2001[, and a maximum of the first  
53 five thousand dollars of any retirement allowance received from any privately  
54 funded source for tax years beginning on or after January 1, 2001, but before  
55 January 1, 2002, and a maximum of the first six thousand dollars of any

56 retirement allowance received from any privately funded sources for tax years  
57 beginning on or after January 1, 2002]. A taxpayer shall be entitled to the  
58 maximum exemption provided by this subsection:

59 (1) If the taxpayer's filing status is single, head of household or qualifying  
60 widow(er) and the taxpayer's Missouri adjusted gross income is less than  
61 twenty-five thousand dollars; or

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

65 (3) If the taxpayer's filing status is married filing separately and the  
66 taxpayer's Missouri adjusted gross income is less than sixteen thousand dollars;  
67 or

68 **(4) If the taxpayer is age sixty-five or over.**

69 [4.] **3.** If a taxpayer's adjusted gross income exceeds the adjusted gross  
70 income ceiling for such taxpayer's filing status, as provided in subdivisions (1),  
71 (2) and (3) of subsection [3] 2 of this section, such taxpayer shall be entitled to  
72 an exemption equal to the greater of zero or the maximum exemption provided  
73 in subsection [3] 2 of this section reduced by one dollar for every dollar such  
74 taxpayer's income exceeds the ceiling for his or her filing status.

75 [5.] **4.** For purposes of this section, any Social Security benefits otherwise  
76 included in Missouri adjusted gross income shall be subtracted; but Social  
77 Security benefits shall not be subtracted for purposes of other computations  
78 pursuant to this chapter, and are not to be considered as retirement benefits for  
79 purposes of this section.

80 [6.] **5.** The provisions of subdivisions (1) and (2) of subsection [3] 2 of this  
81 section shall apply during all tax years in which the federal Internal Revenue  
82 Code provides exemption levels for calculation of the taxability of Social Security  
83 benefits that are the same as the levels in subdivisions (1) and (2) of subsection  
84 [3] 2 of this section. If the exemption levels for the calculation of the taxability  
85 of Social Security benefits are adjusted by applicable federal law or regulation,  
86 the exemption levels in subdivisions (1) and (2) of subsection [3] 2 of this section  
87 shall be accordingly adjusted to the same exemption levels.

88 [7.] **6.** The portion of a taxpayer's lump sum distribution from an annuity  
89 or other retirement plan not otherwise included in Missouri adjusted gross  
90 income as calculated pursuant to this chapter but subject to taxation under  
91 Internal Revenue Code Section 402 shall be taxed in an amount equal to ten

92 percent of the taxpayer's federal liability on such distribution for the same tax  
93 year.

94 [8.] 7. For purposes of this section, retirement benefits received shall not  
95 include any withdrawals from qualified retirement plans which are subsequently  
96 rolled over into another retirement plan.

97 [9.] 8. The exemptions provided for in this section shall not affect the  
98 calculation of the income to be used to determine the property tax credit provided  
99 in sections 135.010 to 135.035, RSMo.

100 [10.] 9. The exemptions provided for in this section shall apply to any  
101 annuity, pension, or retirement allowance as defined in subsection 1 of this  
102 section to the extent that such amounts are included in the taxpayer's federal  
103 adjusted gross income and not otherwise deducted from the taxpayer's federal  
104 adjusted gross income in the calculation of Missouri taxable income. This  
105 subsection shall not apply to any individual who qualifies under federal  
106 guidelines to be one hundred percent disabled.

✓  
Bill

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