

SENATE AMENDMENT NO. _____

Offered by _____ of _____

Amend SS/SCS/Senate Bill No. 120, Page 5, Section 105.1204, Line 7,

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, enacted by the 116th United States Congress, for the
15 tax year beginning on or after January 1, 2020, and ending
16 on or before December 31, 2020, and deducted from Missouri
17 adjusted gross income pursuant to section 143.171;

18 (2) Interest on certain governmental obligations
19 excluded from federal gross income by 26 U.S.C. Section 103
20 of the Internal Revenue Code, as amended. The previous
21 sentence shall not apply to interest on obligations of the
22 state of Missouri or any of its political subdivisions or
23 authorities and shall not apply to the interest described in
24 subdivision (1) of subsection 3 of this section. The amount
25 added pursuant to this subdivision shall be reduced by the
26 amounts applicable to such interest that would have been

27 deductible in computing the taxable income of the taxpayer
28 except only for the application of 26 U.S.C. Section 265 of
29 the Internal Revenue Code, as amended. The reduction shall
30 only be made if it is at least five hundred dollars;

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

41 (4) The amount of any deduction that is included in
42 the computation of federal taxable income for net operating
43 loss allowed by 26 U.S.C. Section 172 of the Internal
44 Revenue Code of 1986, as amended, other than the deduction
45 allowed by 26 U.S.C. Section 172(b)(1)(G) and 26 U.S.C.
46 Section 172(i) of the Internal Revenue Code of 1986, as
47 amended, for a net operating loss the taxpayer claims in the
48 tax year in which the net operating loss occurred or carries
49 forward for a period of more than twenty years and carries
50 backward for more than two years. Any amount of net
51 operating loss taken against federal taxable income but
52 disallowed for Missouri income tax purposes pursuant to this
53 subdivision after June 18, 2002, may be carried forward and
54 taken against any income on the Missouri income tax return
55 for a period of not more than twenty years from the year of
56 the initial loss; and

57 (5) For nonresident individuals in all taxable years
58 ending on or after December 31, 2006, the amount of any
59 property taxes paid to another state or a political

60 subdivision of another state for which a deduction was
61 allowed on such nonresident's federal return in the taxable
62 year unless such state, political subdivision of a state, or
63 the District of Columbia allows a subtraction from income
64 for property taxes paid to this state for purposes of
65 calculating income for the income tax for such state,
66 political subdivision of a state, or the District of
67 Columbia;

68 (6) For all tax years beginning on or after January 1,
69 2018, any interest expense paid or accrued in a previous
70 taxable year, but allowed as a deduction under 26 U.S.C.
71 Section 163, as amended, in the current taxable year by
72 reason of the carryforward of disallowed business interest
73 provisions of 26 U.S.C. Section 163(j), as amended. For the
74 purposes of this subdivision, an interest expense is
75 considered paid or accrued only in the first taxable year
76 the deduction would have been allowable under 26 U.S.C.
77 Section 163, as amended, if the limitation under 26 U.S.C.
78 Section 163(j), as amended, did not exist.

79 3. There shall be subtracted from the taxpayer's
80 federal adjusted gross income the following amounts to the
81 extent included in federal adjusted gross income:

82 (1) Interest received on deposits held at a federal
83 reserve bank or interest or dividends on obligations of the
84 United States and its territories and possessions or of any
85 authority, commission or instrumentality of the United
86 States to the extent exempt from Missouri income taxes
87 pursuant to the laws of the United States. The amount
88 subtracted pursuant to this subdivision shall be reduced by
89 any interest on indebtedness incurred to carry the described
90 obligations or securities and by any expenses incurred in
91 the production of interest or dividend income described in
92 this subdivision. The reduction in the previous sentence

93 shall only apply to the extent that such expenses including
94 amortizable bond premiums are deducted in determining the
95 taxpayer's federal adjusted gross income or included in the
96 taxpayer's Missouri itemized deduction. The reduction shall
97 only be made if the expenses total at least five hundred
98 dollars;

99 (2) The portion of any gain, from the sale or other
100 disposition of property having a higher adjusted basis to
101 the taxpayer for Missouri income tax purposes than for
102 federal income tax purposes on December 31, 1972, that does
103 not exceed such difference in basis. If a gain is
104 considered a long-term capital gain for federal income tax
105 purposes, the modification shall be limited to one-half of
106 such portion of the gain;

107 (3) The amount necessary to prevent the taxation
108 pursuant to this chapter of any annuity or other amount of
109 income or gain which was properly included in income or gain
110 and was taxed pursuant to the laws of Missouri for a taxable
111 year prior to January 1, 1973, to the taxpayer, or to a
112 decedent by reason of whose death the taxpayer acquired the
113 right to receive the income or gain, or to a trust or estate
114 from which the taxpayer received the income or gain;

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

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

121 (6) The portion of capital gain specified in section
122 135.357 that would otherwise be included in federal adjusted
123 gross income;

124 (7) The amount that would have been deducted in the
125 computation of federal taxable income pursuant to 26 U.S.C.

126 Section 168 of the Internal Revenue Code as in effect on
127 January 1, 2002, to the extent that amount relates to
128 property purchased on or after July 1, 2002, but before July
129 1, 2003, and to the extent that amount exceeds the amount
130 actually deducted pursuant to 26 U.S.C. Section 168 of the
131 Internal Revenue Code as amended by the Job Creation and
132 Worker Assistance Act of 2002;

133 (8) For all tax years beginning on or after January 1,
134 2005, the amount of any income received for military service
135 while the taxpayer serves in a combat zone which is included
136 in federal adjusted gross income and not otherwise excluded
137 therefrom. As used in this section, "combat zone" means any
138 area which the President of the United States by Executive
139 Order designates as an area in which Armed Forces of the
140 United States are or have engaged in combat. Service is
141 performed in a combat zone only if performed on or after the
142 date designated by the President by Executive Order as the
143 date of the commencing of combat activities in such zone,
144 and on or before the date designated by the President by
145 Executive Order as the date of the termination of combatant
146 activities in such zone;

147 (9) For all tax years ending on or after July 1, 2002,
148 with respect to qualified property that is sold or otherwise
149 disposed of during a taxable year by a taxpayer and for
150 which an additional modification was made under subdivision
151 (3) of subsection 2 of this section, the amount by which
152 additional modification made under subdivision (3) of
153 subsection 2 of this section on qualified property has not
154 been recovered through the additional subtractions provided
155 in subdivision (7) of this subsection;

156 (10) For all tax years beginning on or after January
157 1, 2014, the amount of any income received as payment from
158 any program which provides compensation to agricultural

159 producers who have suffered a loss as the result of a
160 disaster or emergency, including the:

161 (a) Livestock Forage Disaster Program;
162 (b) Livestock Indemnity Program;
163 (c) Emergency Assistance for Livestock, Honeybees, and
164 Farm-Raised Fish;

165 (d) Emergency Conservation Program;
166 (e) Noninsured Crop Disaster Assistance Program;
167 (f) Pasture, Rangeland, Forage Pilot Insurance Program;
168 (g) Annual Forage Pilot Program;

169 (h) Livestock Risk Protection Insurance Plan; [and]

170 (i) Livestock Gross Margin Insurance Plan; [and]

171 (11) For all tax years beginning on or after January
172 1, 2018, any interest expense paid or accrued in the current
173 taxable year, but not deducted as a result of the limitation
174 imposed under 26 U.S.C. Section 163(j), as amended. For the
175 purposes of this subdivision, an interest expense is
176 considered paid or accrued only in the first taxable year
177 the deduction would have been allowable under 26 U.S.C.
178 Section 163, as amended, if the limitation under 26 U.S.C.
179 Section 163(j), as amended, did not exist; and

180 (12) One hundred percent of any retirement benefits
181 received by any taxpayer as a result of the taxpayer's
182 service in the Armed Forces of the United States, including
183 reserve components and the National Guard of this state, as
184 defined in 32 U.S.C. Sections 101(3) and 109, and any other
185 military force organized under the laws of this state.

186 4. There shall be added to or subtracted from the
187 taxpayer's federal adjusted gross income the taxpayer's
188 share of the Missouri fiduciary adjustment provided in
189 section 143.351.

190 5. There shall be added to or subtracted from the
191 taxpayer's federal adjusted gross income the modifications
192 provided in section 143.411.

193 6. In addition to the modifications to a taxpayer's
194 federal adjusted gross income in this section, to calculate
195 Missouri adjusted gross income there shall be subtracted
196 from the taxpayer's federal adjusted gross income any gain
197 recognized pursuant to 26 U.S.C. Section 1033 of the
198 Internal Revenue Code of 1986, as amended, arising from
199 compulsory or involuntary conversion of property as a result
200 of condemnation or the imminence thereof.

201 7. (1) As used in this subsection, "qualified health
202 insurance premium" means the amount paid during the tax year
203 by such taxpayer for any insurance policy primarily
204 providing health care coverage for the taxpayer, the
205 taxpayer's spouse, or the taxpayer's dependents.

206 (2) In addition to the subtractions in subsection 3 of
207 this section, one hundred percent of the amount of qualified
208 health insurance premiums shall be subtracted from the
209 taxpayer's federal adjusted gross income to the extent the
210 amount paid for such premiums is included in federal taxable
211 income. The taxpayer shall provide the department of
212 revenue with proof of the amount of qualified health
213 insurance premiums paid.

214 8. (1) Beginning January 1, 2014, in addition to the
215 subtractions provided in this section, one hundred percent
216 of the cost incurred by a taxpayer for a home energy audit
217 conducted by an entity certified by the department of
218 natural resources under section 640.153 or the
219 implementation of any energy efficiency recommendations made
220 in such an audit shall be subtracted from the taxpayer's
221 federal adjusted gross income to the extent the amount paid
222 for any such activity is included in federal taxable

223 income. The taxpayer shall provide the department of
224 revenue with a summary of any recommendations made in a
225 qualified home energy audit, the name and certification
226 number of the qualified home energy auditor who conducted
227 the audit, and proof of the amount paid for any activities
228 under this subsection for which a deduction is claimed. The
229 taxpayer shall also provide a copy of the summary of any
230 recommendations made in a qualified home energy audit to the
231 department of natural resources.

232 (2) At no time shall a deduction claimed under this
233 subsection by an individual taxpayer or taxpayers filing
234 combined returns exceed one thousand dollars per year for
235 individual taxpayers or cumulatively exceed two thousand
236 dollars per year for taxpayers filing combined returns.

237 (3) Any deduction claimed under this subsection shall
238 be claimed for the tax year in which the qualified home
239 energy audit was conducted or in which the implementation of
240 the energy efficiency recommendations occurred. If
241 implementation of the energy efficiency recommendations
242 occurred during more than one year, the deduction may be
243 claimed in more than one year, subject to the limitations
244 provided under subdivision (2) of this subsection.

245 (4) A deduction shall not be claimed for any otherwise
246 eligible activity under this subsection if such activity
247 qualified for and received any rebate or other incentive
248 through a state-sponsored energy program or through an
249 electric corporation, gas corporation, electric cooperative,
250 or municipally owned utility.

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

253 143.124. 1. Other provisions of law to the contrary
254 notwithstanding, for tax years ending on or before December
255 31, 2006, the total amount of all annuities, pensions, or

256 retirement allowances above the amount of six thousand
257 dollars annually provided by any law of this state, the
258 United States, or any other state to any person except as
259 provided in subsection 4 of this section, shall be subject
260 to tax pursuant to the provisions of this chapter, in the
261 same manner, to the same extent and under the same
262 conditions as any other taxable income received by the
263 person receiving it. For purposes of this section,
264 "annuity, pension, retirement benefit, or retirement
265 allowance" shall be defined as an annuity, pension or
266 retirement allowance provided by the United States, this
267 state, any other state or any political subdivision or
268 agency or institution of this or any other state. For all
269 tax years beginning on or after January 1, 1998, for
270 purposes of this section, annuity, pension or retirement
271 allowance shall be defined to include 401(k) plans, deferred
272 compensation plans, self-employed retirement plans, also
273 known as Keogh plans, annuities from a defined pension plan
274 and individual retirement arrangements, also known as IRAs,
275 as described in the Internal Revenue Code, but not including
276 Roth IRAs, as well as an annuity, pension or retirement
277 allowance provided by the United States, this state, any
278 other state or any political subdivision or agency or
279 institution of this or any other state. An individual
280 taxpayer shall only be allowed a maximum deduction equal to
281 the amounts provided under this section for each taxpayer on
282 the combined return.

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

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

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

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

298 3. For the tax years beginning on or after January 1,
299 1990, but ending on or before December 31, 2006, there shall
300 be subtracted from Missouri adjusted gross income,
301 determined pursuant to section 143.121, a maximum of the
302 first six thousand dollars of retirement benefits received
303 by each taxpayer from sources other than privately funded
304 sources, and for tax years beginning on or after January 1,
305 1998, there shall be subtracted from Missouri adjusted gross
306 income, determined pursuant to section 143.121, a maximum of
307 the first one thousand dollars of any retirement allowance
308 received from any privately funded source for tax years
309 beginning on or after January 1, 1998, but before January 1,
310 1999, and a maximum of the first three thousand dollars of
311 any retirement allowance received from any privately funded
312 source for tax years beginning on or after January 1, 1999,
313 but before January 1, 2000, and a maximum of the first four
314 thousand dollars of any retirement allowance received from
315 any privately funded source for tax years beginning on or
316 after January 1, 2000, but before January 1, 2001, and a
317 maximum of the first five thousand dollars of any retirement
318 allowance received from any privately funded source for tax
319 years beginning on or after January 1, 2001, but before
320 January 1, 2002, and a maximum of the first six thousand

321 dollars of any retirement allowance received from any
322 privately funded sources for tax years beginning on or after
323 January 1, 2002. A taxpayer shall be entitled to the
324 maximum exemption provided by this subsection:

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

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

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

335 4. If a taxpayer's adjusted gross income exceeds the
336 adjusted gross income ceiling for such taxpayer's filing
337 status, as provided in subdivisions (1), (2) and (3) of
338 subsection 3 of this section, such taxpayer shall be
339 entitled to an exemption equal to the greater of zero or the
340 maximum exemption provided in subsection 3 of this section
341 reduced by one dollar for every dollar such taxpayer's
342 income exceeds the ceiling for his or her filing status.

343 5. For purposes of this subsection, the term "maximum
344 Social Security benefit available" shall mean thirty-two
345 thousand five hundred dollars for the tax year beginning on
346 or after January 1, 2007, and for each subsequent tax year
347 such amount shall be increased by the percentage increase in
348 the Consumer Price Index for All Urban Consumers, or its
349 successor index, as such index is defined and officially
350 reported by the United States Department of Labor, or its
351 successor agency. For the tax year beginning on or after
352 January 1, 2007, but ending on or before December 31, 2007,
353 there shall be subtracted from Missouri adjusted gross

354 income, determined pursuant to section 143.121, a maximum of
355 an amount equal to the greater of: six thousand dollars in
356 retirement benefits received from sources other than
357 privately funded sources, to the extent such benefits are
358 included in the taxpayer's federal adjusted gross income; or
359 twenty percent of the retirement benefits received from
360 sources other than privately funded sources in the tax year,
361 but not to exceed the maximum Social Security benefit
362 available for such tax year. For the tax year beginning on
363 or after January 1, 2008, but ending on or before December
364 31, 2008, there shall be subtracted from Missouri adjusted
365 gross income, determined pursuant to section 143.121, a
366 maximum of an amount equal to the greater of: six thousand
367 dollars in retirement benefits received from sources other
368 than privately funded sources, to the extent such benefits
369 are included in the taxpayer's federal adjusted gross
370 income; or thirty-five percent of the retirement benefits
371 received from sources other than privately funded sources in
372 the tax year, but not to exceed the maximum Social Security
373 benefit available for such tax year. For the tax year
374 beginning on or after January 1, 2009, but ending on or
375 before December 31, 2009, there shall be subtracted from
376 Missouri adjusted gross income, determined pursuant to
377 section 143.121, a maximum of an amount equal to the greater
378 of: six thousand dollars in retirement benefits received
379 from sources other than privately funded sources, to the
380 extent such benefits are included in the taxpayer's federal
381 adjusted gross income; or fifty percent of the retirement
382 benefits received from sources other than privately funded
383 sources in the tax year, but not to exceed the maximum
384 Social Security benefit available for such tax year. For
385 the tax year beginning on or after January 1, 2010, but
386 ending on or before December 31, 2010, there shall be

387 subtracted from Missouri adjusted gross income, determined
388 pursuant to section 143.121, a maximum of an amount equal to
389 the greater of: six thousand dollars in retirement benefits
390 received from sources other than privately funded sources,
391 to the extent such benefits are included in the taxpayer's
392 federal adjusted gross income; or sixty-five percent of the
393 retirement benefits received from sources other than
394 privately funded sources in the tax year, but not to exceed
395 the maximum Social Security benefit available for such tax
396 year. For the tax year beginning on or after January 1,
397 2011, but ending on or before December 31, 2011, there shall
398 be subtracted from Missouri adjusted gross income,
399 determined pursuant to section 143.121, a maximum of an
400 amount equal to the greater of: six thousand dollars in
401 retirement benefits received from sources other than
402 privately funded sources, to the extent such benefits are
403 included in the taxpayer's federal adjusted gross income; or
404 eighty percent of the retirement benefits received from
405 sources other than privately funded sources in the tax year,
406 but not to exceed the maximum Social Security benefit
407 available for such tax year. For all tax years beginning on
408 or after January 1, 2012, there shall be subtracted from
409 Missouri adjusted gross income, determined pursuant to
410 section 143.121, a maximum of an amount equal to one hundred
411 percent of the retirement benefits received from sources
412 other than privately funded sources in the tax year, but not
413 to exceed the maximum Social Security benefit available for
414 such tax year. A taxpayer shall be entitled to the maximum
415 exemption provided by this subsection:

416 (1) If the taxpayer's filing status is married filing
417 combined, and their combined Missouri adjusted gross income
418 is equal to or less than one hundred thousand dollars; or

419 (2) If the taxpayer's filing status is single, head of
420 household, qualifying widow(er), or married filing
421 separately, and the taxpayer's Missouri adjusted gross
422 income is equal to or less than eighty-five thousand dollars.

423 6. If a taxpayer's adjusted gross income exceeds the
424 adjusted gross income ceiling for such taxpayer's filing
425 status, as provided in subdivisions (1) and (2) of
426 subsection 5 of this section, such taxpayer shall be
427 entitled to an exemption, less any applicable reduction
428 provided under subsection 7 of this section, equal to the
429 greater of zero or the maximum exemption provided in
430 subsection 5 of this section reduced by one dollar for every
431 dollar such taxpayer's income exceeds the ceiling for his or
432 her filing status.

433 7. For purposes of calculating the subtraction
434 provided in subsection 5 of this section, such subtraction
435 shall be decreased by an amount equal to any Social Security
436 benefit exemption provided under section 143.125.

437 8. For purposes of this section, any Social Security
438 benefits otherwise included in Missouri adjusted gross
439 income shall be subtracted; but Social Security benefits
440 shall not be subtracted for purposes of other computations
441 pursuant to this chapter, and are not to be considered as
442 retirement benefits for purposes of this section.

443 9. The provisions of subdivisions (1) and (2) of
444 subsection 3 of this section shall apply during all tax
445 years in which the federal Internal Revenue Code provides
446 exemption levels for calculation of the taxability of Social
447 Security benefits that are the same as the levels in
448 subdivisions (1) and (2) of subsection 3 of this section.
449 If the exemption levels for the calculation of the
450 taxability of Social Security benefits are adjusted by
451 applicable federal law or regulation, the exemption levels

452 in subdivisions (1) and (2) of subsection 3 of this section
453 shall be accordingly adjusted to the same exemption levels.

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

461 11. For purposes of this section, retirement benefits
462 received shall not include any withdrawals from qualified
463 retirement plans which are subsequently rolled over into
464 another retirement plan.

465 12. The exemptions provided for in this section shall
466 not affect the calculation of the income to be used to
467 determine the property tax credit provided in sections
468 135.010 to 135.035.

469 13. The exemptions provided for in this section shall
470 apply to any annuity, pension, or retirement allowance as
471 defined in subsection 1 of this section to the extent that
472 such amounts are included in the taxpayer's federal adjusted
473 gross income and not otherwise deducted from the taxpayer's
474 federal adjusted gross income in the calculation of Missouri
475 taxable income. This subsection shall not apply to any
476 individual who qualifies under federal guidelines to be one
477 hundred percent disabled.

478 [14. In addition to all other subtractions authorized
479 in this section, for all tax years beginning on or after
480 January 1, 2010, there shall be subtracted from Missouri
481 adjusted gross income, determined under section 143.121, any
482 retirement benefits received by any taxpayer as a result of
483 the taxpayer's service in the Armed Forces of the United
484 States, including reserve components and the National Guard

485 of this state, as defined in Sections 101(3) and 109 of
486 Title 32, United States Code, and any other military force
487 organized under the laws of this state, to the extent such
488 benefits are included in the taxpayer's federal adjusted
489 gross income and not otherwise deducted from the taxpayer's
490 federal adjusted gross income in the calculation of Missouri
491 taxable income. Such retirement benefits shall be
492 subtracted as provided in the following schedule:

493 (1) For the tax year beginning on January 1, 2010,
494 fifteen percent of such retirement benefits;

495 (2) For the tax year beginning on January 1, 2011,
496 thirty percent of such retirement benefits;

497 (3) For the tax year beginning on January 1, 2012,
498 forty-five percent of such retirement benefits;

499 (4) For the tax year beginning on January 1, 2013,
500 sixty percent of such retirement benefits;

501 (5) For the tax year beginning on January 1, 2014,
502 seventy-five percent of such retirement benefits;

503 (6) For the tax year beginning on January 1, 2015,
504 ninety percent of such retirement benefits;

505 (7) For tax years beginning on or after January 1,
506 2016, one hundred percent of such retirement benefits.]" and

507 Further amend the title and enacting clause accordingly.