

FIRST REGULAR SESSION

SENATE BILL NO. 540

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR EIGEL.

2044S.02I

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 143.174 and 143.175, RSMo, and to enact in lieu thereof two new sections relating to a tax deduction for members of the armed forces.

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

Section A. Sections 143.174 and 143.175, RSMo, are
2 repealed and two new sections enacted in lieu thereof, to be
3 known as sections 143.174 and 143.175, to read as follows:

143.174. For all tax years beginning on or after
2 January 1, 2016, for purposes of calculating the Missouri
3 taxable income as required under section 143.011, one
4 hundred percent of the income received by any person as
5 salary or compensation in any form as a member of the active
6 duty component of the Armed Forces of the United States, and
7 to the extent that such income is included in the federal
8 adjusted gross income, may be deducted from the taxpayer's
9 Missouri adjusted gross income to determine such taxpayer's
10 Missouri taxable income. If such person files a combined
11 return with a spouse, any military income received while
12 engaging in the performance of active duty may be deducted
13 from their Missouri combined adjusted gross income. **For the**
14 **purposes of this section, "salary or compensation" shall**
15 **include any signing bonus.**

143.175. 1. For all tax years beginning on or after
2 January 1, 2020, for purposes of calculating the Missouri
3 taxable income as required under section 143.011, a

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

percentage of the income received by any person as salary or compensation:

(1) In performance of inactive duty for training (IDT) of the National Guard or annual training status (AT) of the National Guard; **[or]**

(2) In reserve components of the Armed Forces of the United States; **or**

(3) In the form of a bonus from the National Guard or a reserve component of the United States Armed Forces for joining, reenlisting, or for any other reason;

and to the extent that such income is included in the federal adjusted gross income, may be deducted from the taxpayer's Missouri adjusted gross income to determine such taxpayer's Missouri taxable income. If such person files a combined return with a spouse, a percentage of any military income received while engaging in the performance of National Guard or reserve military duty may be deducted from their Missouri combined adjusted gross income. Such military income shall be deducted as follows:

(a) For the tax year beginning on or after January 1, 2020, twenty percent of such military income;

(b) For the tax year beginning on or after January 1, 2021, forty percent of such military income;

(c) For the tax year beginning on or after January 1, 2022, sixty percent of such income;

(d) For the tax year beginning on or after January 1, 2023, eighty percent of such income;

(e) For all tax years beginning on January 1, 2024, and thereafter, one hundred percent of such income.

2. Notwithstanding the provisions of this section or any other provision of law to the contrary, the deduction

35 authorized by this section shall not apply to compensation
36 received while engaging in civilian federal service,
37 including civil service positions requiring the wearing of
38 military uniform and military affiliation.

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