

SENATE SUBSTITUTE  
FOR  
SENATE COMMITTEE SUBSTITUTE  
FOR  
SENATE BILL NO. 735  
AN ACT

To repeal sections 143.121 and 408.010, RSMo, and to enact in lieu thereof two new sections relating to the sole purpose of regulating the treatment and use of gold and silver.

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

Section A. Sections 143.121 and 408.010, RSMo, are  
2 repealed and two new sections enacted in lieu thereof, to be  
3 known as sections 143.121 and 408.010, to read as follows:

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

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

6 (1) The amount of any federal income tax refund  
7 received for a prior year which resulted in a Missouri  
8 income tax benefit. The amount added pursuant to this  
9 subdivision shall not include any amount of a federal income  
10 tax refund attributable to a tax credit reducing a  
11 taxpayer's federal tax liability pursuant to Public Law 116-  
12 136 or 116-260, enacted by the 116th United States Congress,  
13 for the tax year beginning on or after January 1, 2020, and  
14 ending on or before December 31, 2020, and deducted from  
15 Missouri adjusted gross income pursuant to section 143.171.  
16 The amount added under this subdivision shall also not  
17 include any amount of a federal income tax refund  
18 attributable to a tax credit reducing a taxpayer's federal

19 tax liability under any other federal law that provides  
20 direct economic impact payments to taxpayers to mitigate  
21 financial challenges related to the COVID-19 pandemic, and  
22 deducted from Missouri adjusted gross income under section  
23 143.171;

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

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

47 (4) The amount of any deduction that is included in  
48 the computation of federal taxable income for net operating  
49 loss allowed by 26 U.S.C. Section 172 of the Internal  
50 Revenue Code of 1986, as amended, other than the deduction  
51 allowed by 26 U.S.C. Section 172(b)(1)(G) and 26 U.S.C.

52 Section 172(i) of the Internal Revenue Code of 1986, as  
53 amended, for a net operating loss the taxpayer claims in the  
54 tax year in which the net operating loss occurred or carries  
55 forward for a period of more than twenty years and carries  
56 backward for more than two years. Any amount of net  
57 operating loss taken against federal taxable income but  
58 disallowed for Missouri income tax purposes pursuant to this  
59 subdivision after June 18, 2002, may be carried forward and  
60 taken against any income on the Missouri income tax return  
61 for a period of not more than twenty years from the year of  
62 the initial loss; and

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

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

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

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

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

113           (3) The amount necessary to prevent the taxation  
114 pursuant to this chapter of any annuity or other amount of  
115 income or gain which was properly included in income or gain  
116 and was taxed pursuant to the laws of Missouri for a taxable  
117 year prior to January 1, 1973, to the taxpayer, or to a

118 decedent by reason of whose death the taxpayer acquired the  
119 right to receive the income or gain, or to a trust or estate  
120 from which the taxpayer received the income or gain;

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

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

127 (6) The portion of capital gain specified in section  
128 135.357 that would otherwise be included in federal adjusted  
129 gross income;

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

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

151 Executive Order as the date of the termination of combatant  
152 activities in such zone;

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

162 (10) For all tax years beginning on or after January  
163 1, 2014, the amount of any income received as payment from  
164 any program which provides compensation to agricultural  
165 producers who have suffered a loss as the result of a  
166 disaster or emergency, including the:

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

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

184 Section 163, as amended, if the limitation under 26 U.S.C.  
185 Section 163(j), as amended, did not exist;

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

192 (13) One hundred percent of any federal grant moneys  
193 received for the purpose of providing or expanding access to  
194 broadband internet to areas of the state deemed to be  
195 lacking such access; and

196 (14) For all tax years beginning on or after January  
197 1, 2025, the portion of capital gain on the sale or exchange  
198 of specie, as that term is defined in section 408.010, that  
199 are otherwise included in the taxpayer's federal adjusted  
200 gross income.

201 4. There shall be added to or subtracted from the  
202 taxpayer's federal adjusted gross income the taxpayer's  
203 share of the Missouri fiduciary adjustment provided in  
204 section 143.351.

205 5. There shall be added to or subtracted from the  
206 taxpayer's federal adjusted gross income the modifications  
207 provided in section 143.411.

208 6. In addition to the modifications to a taxpayer's  
209 federal adjusted gross income in this section, to calculate  
210 Missouri adjusted gross income there shall be subtracted  
211 from the taxpayer's federal adjusted gross income any gain  
212 recognized pursuant to 26 U.S.C. Section 1033 of the  
213 Internal Revenue Code of 1986, as amended, arising from  
214 compulsory or involuntary conversion of property as a result  
215 of condemnation or the imminence thereof.

216           7. (1) As used in this subsection, "qualified health  
217 insurance premium" means the amount paid during the tax year  
218 by such taxpayer for any insurance policy primarily  
219 providing health care coverage for the taxpayer, the  
220 taxpayer's spouse, or the taxpayer's dependents.

221           (2) In addition to the subtractions in subsection 3 of  
222 this section, one hundred percent of the amount of qualified  
223 health insurance premiums shall be subtracted from the  
224 taxpayer's federal adjusted gross income to the extent the  
225 amount paid for such premiums is included in federal taxable  
226 income. The taxpayer shall provide the department of  
227 revenue with proof of the amount of qualified health  
228 insurance premiums paid.

229           8. (1) Beginning January 1, 2014, in addition to the  
230 subtractions provided in this section, one hundred percent  
231 of the cost incurred by a taxpayer for a home energy audit  
232 conducted by an entity certified by the department of  
233 natural resources under section 640.153 or the  
234 implementation of any energy efficiency recommendations made  
235 in such an audit shall be subtracted from the taxpayer's  
236 federal adjusted gross income to the extent the amount paid  
237 for any such activity is included in federal taxable  
238 income. The taxpayer shall provide the department of  
239 revenue with a summary of any recommendations made in a  
240 qualified home energy audit, the name and certification  
241 number of the qualified home energy auditor who conducted  
242 the audit, and proof of the amount paid for any activities  
243 under this subsection for which a deduction is claimed. The  
244 taxpayer shall also provide a copy of the summary of any  
245 recommendations made in a qualified home energy audit to the  
246 department of natural resources.

247           (2) At no time shall a deduction claimed under this  
248 subsection by an individual taxpayer or taxpayers filing



249 combined returns exceed one thousand dollars per year for  
250 individual taxpayers or cumulatively exceed two thousand  
251 dollars per year for taxpayers filing combined returns.

252 (3) Any deduction claimed under this subsection shall  
253 be claimed for the tax year in which the qualified home  
254 energy audit was conducted or in which the implementation of  
255 the energy efficiency recommendations occurred. If  
256 implementation of the energy efficiency recommendations  
257 occurred during more than one year, the deduction may be  
258 claimed in more than one year, subject to the limitations  
259 provided under subdivision (2) of this subsection.

260 (4) A deduction shall not be claimed for any otherwise  
261 eligible activity under this subsection if such activity  
262 qualified for and received any rebate or other incentive  
263 through a state-sponsored energy program or through an  
264 electric corporation, gas corporation, electric cooperative,  
265 or municipally owned utility.

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

268 10. (1) As used in this subsection, the following  
269 terms mean:

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

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

274 b. Is approved for a beginning farmer loan through the  
275 USDA Farm Service Agency Beginning Farmer direct or  
276 guaranteed loan program;

277 c. Has a farming operation that is determined by the  
278 department of agriculture to be new production agriculture  
279 but is the principal operator of a farm and has substantial  
280 farming knowledge; or

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

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

286           a. A sale to a beginning farmer;

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

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

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

296           (2) (a) In addition to all other subtractions  
297 authorized in this section, a taxpayer who is a farm owner  
298 who sells all or a portion of such farmland to a beginning  
299 farmer may subtract from such taxpayer's Missouri adjusted  
300 gross income an amount to the extent included in federal  
301 adjusted gross income as provided in this subdivision.

302           (b) Subject to the limitations in paragraph (c) of  
303 this subdivision, the amount that may be subtracted shall be  
304 equal to the portion of capital gains received from the sale  
305 of such farmland that such taxpayer receives in the tax year  
306 for which such taxpayer subtracts such capital gain.

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

310           a. For the first two million dollars received, one  
311 hundred percent;

312           b. For the next one million dollars received, eighty  
313 percent;

314 c. For the next one million dollars received, sixty  
315 percent;

316 d. For the next one million dollars received, forty  
317 percent; and

318 e. For the next one million dollars received, twenty  
319 percent.

320 (d) The department of revenue shall prepare an annual  
321 report reviewing the costs and benefits and containing  
322 statistical information regarding the subtraction of capital  
323 gains authorized under this subdivision for the previous tax  
324 year including, but not limited to, the total amount of all  
325 capital gains subtracted and the number of taxpayers  
326 subtracting such capital gains. Such report shall be  
327 submitted before February first of each year to the  
328 committee on agriculture policy of the Missouri house of  
329 representatives and the committee on agriculture, food  
330 production and outdoor resources of the Missouri senate, or  
331 the successor committees.

332 (3) (a) In addition to all other subtractions  
333 authorized in this section, a taxpayer who is a farm owner  
334 who enters a lease or rental agreement for all or a portion  
335 of such farmland with a beginning farmer may subtract from  
336 such taxpayer's Missouri adjusted gross income an amount to  
337 the extent included in federal adjusted gross income as  
338 provided in this subdivision.

339 (b) Subject to the limitation in paragraph (c) of this  
340 subdivision, the amount that may be subtracted shall be  
341 equal to the portion of cash rent income received from the  
342 lease or rental of such farmland that such taxpayer receives  
343 in the tax year for which such taxpayer subtracts such  
344 income.

345 (c) No taxpayer shall subtract more than twenty-five  
346 thousand dollars per tax year in total cash rent income

347 received from the lease or rental of such farmland under  
348 this subdivision.

349 (4) (a) In addition to all other subtractions  
350 authorized in this section, a taxpayer who is a farm owner  
351 who enters a crop-share arrangement on all or a portion of  
352 such farmland with a beginning farmer may subtract from such  
353 taxpayer's Missouri adjusted gross income an amount to the  
354 extent included in federal adjusted gross income as provided  
355 in this subdivision.

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

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

364 (5) The department of agriculture shall, by rule,  
365 establish a process to verify that a taxpayer is a beginning  
366 farmer for purposes of this section and shall provide  
367 verification to the beginning farmer and farm seller of such  
368 farmer's and seller's certification and qualification for  
369 the exemption provided in this subsection.

408.010. [The silver coins of the United States are  
2 hereby declared a] 1. This section shall be known and may  
3 be cited as the "Constitutional Money Act".

4 2. Specie legal tender and electronic currency shall  
5 be accepted as legal tender[, at their par value, fixed by  
6 the laws of the United States, and shall be receivable in]  
7 for payment of all public debts[, public or private,]  
8 hereafter contracted in the state of Missouri[; provided,  
9 however, that no person shall have the right to pay, upon  
10 any one debt, dimes and half dimes to an amount exceeding

11 ten dollars, or of twenty and twenty-five cent pieces  
12 exceeding twenty dollars] and may be accepted as payment for  
13 all private debts hereafter contracted in the state of  
14 Missouri, in the discretion of the receiving entity.

15 3. The director of the department of revenue shall  
16 promulgate rules on the methods of acceptance of specie  
17 legal tender as payment for any debt, tax, fee, or  
18 obligation owed. Costs incurred in the course of  
19 verification of the weight and purity of any specie legal  
20 tender or electronic currency during any such transaction  
21 shall be borne by the receiving entity. Any rule or portion  
22 of a rule, as that term is defined in section 536.010, that  
23 is created under the authority delegated in this subsection  
24 shall become effective only if it complies with and is  
25 subject to all of the provisions of chapter 536 and, if  
26 applicable, section 536.028. This subsection and chapter  
27 536 are nonseverable and if any of the powers vested with  
28 the general assembly pursuant to chapter 536 to review, to  
29 delay the effective date, or to disapprove and annul a rule  
30 are subsequently held unconstitutional, then the grant of  
31 rulemaking authority and any rule proposed or adopted after  
32 August 28, 2024, shall be invalid and void.

33 4. Except as expressly provided by contract, no person  
34 or entity shall be required to use specie legal tender or  
35 electronic currency in the payment of any debt and nothing  
36 in this section shall prohibit the use of federal reserve  
37 notes in the payment of any debt.

38 5. Any entity doing business in this state may, if  
39 requested by an employee, pay compensation to such employee,  
40 in full or in part, in the dollar equivalent specie legal  
41 tender either in physical or in electronic transfer form.  
42 Any entity choosing to compensate its employees in specie  
43 legal tender shall be responsible for verifying the weight

44 and purity of any physical specie legal tender before  
45 compensating employees.

46 6. Under no circumstance shall the state of Missouri  
47 or any department, agency, court, political subdivision, or  
48 instrumentality thereof:

49 (1) Seize from any person any specie legal tender or  
50 electronic currency that is owned by such person, except as  
51 otherwise provided in section 513.607. Any person whose  
52 specie legal tender or electronic currency is seized in  
53 violation of this subdivision shall have a cause of action  
54 in a court of competent jurisdiction, with any successful  
55 such action resulting in the award of attorney's fees;

56 (2) Enforce or attempt to enforce any federal acts,  
57 laws, executive orders, administrative orders, rules,  
58 regulations, statutes, or ordinances infringing on the right  
59 of a person to keep and use specie legal tender and  
60 electronic currency as provided in this section;

61 (3) Restrict in any way the ability of a person or  
62 financial institution to acquire specie legal tender or  
63 electronic currency or use specie legal tender or electronic  
64 currency in transactions; or

65 (4) Enact any law discriminating or favoring one means  
66 of legal tender in the course of a transaction over another  
67 means of legal tender.

68 7. For purposes of this section, the following terms  
69 mean:

70 (1) "Bullion", refined precious metal, limited to gold  
71 and silver only, in any shape or form, with uniform content  
72 and purity, including, but not limited to, coins, rounds,  
73 bars, ingots, and any other products, that are:

74 (a) Stamped or imprinted with the weight and purity of  
75 the precious metal that it contains; and

76           (b) Valued primarily based on its metal content and  
77 not on its form and function;

78           (2) "Electronic currency", a representation of actual  
79 gold and silver, specie, and bullion held in a depository  
80 account, which may be transferred by electronic  
81 instruction. Such representation shall reflect the exact  
82 unit of physical specie or gold and silver bullion in the  
83 depository account in its fractional troy ounce measurement  
84 as provided in this section;

85           (3) "Legal tender", a recognized medium of exchange  
86 for the payment of debts, public charges, taxes, or dues  
87 that is:

88           (a) Authorized by the United States Congress pursuant  
89 to Article I section 8 of the United States Constitution; or

90           (b) Authorized by Missouri law pursuant to Article I,  
91 section 10 of the United States Constitution;

92           (4) "Precious metal", gold or silver;

93           (5) "Specie", bullion fabricated into products of  
94 uniform shape, size, design, content, weight, and purity  
95 that are suitable for or customarily used as currency, as a  
96 medium of exchange, or as the medium for purchase, sale,  
97 storage, transfer, or delivery of precious metals in retail  
98 or wholesale transactions;

99           (6) "Specie legal tender", includes any of the  
100 following:

101           (a) Specie coin issued by the federal government at  
102 any time; and

103           (b) Any other specie, provided such specie does not  
104 contain any insignia, symbols, or other recognizable logos  
105 of the Nazi Party.