

FIRST REGULAR SESSION

HOUSE BILL NO. 319

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE O'TOOLE.

Read 1st time January 10, 2001, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

0978L.011

AN ACT

To repeal section 143.124, RSMo 2000, relating to income taxation, and to enact in lieu thereof one new section relating to the same subject.

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

Section A. Section 143.124, RSMo 2000, is repealed and one new section enacted in lieu thereof, to be known as section 143.124, to read as follows: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, the total amount of all annuities, pensions, or retirement allowances above the amount of six thousand dollars annually provided by any law of this state, the United States, or any other state to any person except as provided in subsection 4 of this section, shall, **for tax years beginning before January 1, 2002**, be subject to tax pursuant to the provisions of this chapter, in the same manner, to the same extent and under the same conditions as any other taxable income received by the person receiving it. For purposes of this section, annuity, pension, or retirement allowance shall be defined as an annuity, pension or retirement allowance provided by the United States, this state, any other state or any political subdivision or agency or institution of this or any other state. For all tax years beginning on or after January 1, 1998, for purposes of this section, annuity, pension or retirement allowance shall be defined to include 401(k) plans, deferred compensation plans, self-employed retirement plans, also known as Keogh plans, annuities from a defined pension plan and individual retirement arrangements, also known as IRAs, as described in the Internal Revenue Code, but not including Roth IRAs, as well as an annuity, pension or retirement allowance provided by the United States, this state, any other state or any political subdivision or agency or institution of this or any other state. **For tax years beginning before January 1,**

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

17 **2001**, an individual taxpayer shall only be allowed a maximum deduction of six thousand dollars
18 pursuant to this section. Taxpayers filing combined returns **for tax years beginning before**
19 **January 1, 2002**, shall only be allowed a maximum deduction of six thousand dollars for each
20 taxpayer on the combined return. **For tax years beginning on or after January 1, 2002, the**
21 **maximum deduction allowed for an individual taxpayer, and per taxpayer for taxpayers**
22 **filing combined returns, shall be seven thousand two hundred dollars.**

23 2. For the period beginning July 1, 1989, and ending December 31, 1989, there shall be
24 subtracted from Missouri adjusted gross income for that period, determined pursuant to section
25 143.121, the first three thousand dollars of retirement benefits received by each taxpayer:

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

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

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

33 3. For the tax years beginning on or after January 1, 1990, **but before January 1, 2002**,
34 there shall be subtracted from Missouri adjusted gross income, determined pursuant to section
35 143.121, a maximum of the first six thousand dollars of retirement benefits received by each
36 taxpayer from sources other than privately funded sources, and for tax years beginning on or after
37 January 1, 1998, there shall be subtracted from Missouri adjusted gross income, determined
38 pursuant to section 143.121, a maximum of the first one thousand dollars of any retirement
39 allowance received from any privately funded source for tax years beginning on or after January
40 1, 1998, but before January 1, 1999, and a maximum of the first three thousand dollars of any
41 retirement allowance received from any privately funded source for tax years beginning on or
42 after January 1, 1999, but before January 1, 2000, and a maximum of the first four thousand
43 dollars of any retirement allowance received from any privately funded source for tax years
44 beginning on or after January 1, 2000, but before January 1, 2001, and a maximum of the first
45 five thousand dollars of any retirement allowance received from any privately funded source for
46 tax years beginning on or after January 1, 2001, but before January 1, 2002], and a maximum of
47 the first six thousand dollars of any retirement allowance received from any privately funded
48 sources for tax years beginning on or after January 1, 2002]. A taxpayer shall be entitled to the
49 maximum exemption provided by this subsection:

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

52 (2) If the taxpayer's filing status is married filing combined and their combined Missouri

53 adjusted gross income is less than thirty-two thousand dollars; or

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

56 **4. For the tax years beginning on or after January 1, 2002, there shall be subtracted**
57 **from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum**
58 **of the first seven thousand two hundred dollars of retirement benefits received by each**
59 **taxpayer from all sources. A taxpayer shall be entitled to the maximum exemption**
60 **provided by this subsection:**

61 (1) If the taxpayer's filing status is single, head of household or qualifying
62 widow(er) and the taxpayer's Missouri adjusted gross income is less than thirty thousand
63 dollars; or

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

66 (3) If the taxpayer's filing status is married filing separately and the taxpayer's
67 Missouri adjusted gross income is less than nineteen thousand two hundred fifty dollars.

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

73 [5.] **6.** For purposes of this section, any Social Security benefits otherwise included in
74 Missouri adjusted gross income shall be subtracted; but Social Security benefits shall not be
75 subtracted for purposes of other computations pursuant to this chapter, and are not to be
76 considered as retirement benefits for purposes of this section.

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

84 **7.** The portion of a taxpayer's lump sum distribution from an annuity or other retirement
85 plan not otherwise included in Missouri adjusted gross income as calculated pursuant to this
86 chapter, but subject to taxation under Internal Revenue Code Section 402 shall be taxed in an
87 amount equal to ten percent of the taxpayer's federal liability on such distribution for the same
88 tax year.

89 8. For purposes of this section, retirement benefits received shall not include any
90 withdrawals from qualified retirement plans which are subsequently rolled over into another
91 retirement plan.

92 9. The exemptions provided for in this section shall not affect the calculation of the
93 income to be used to determine the property tax credit provided in sections 135.010 to 135.035,
94 RSMo.