

FIRST REGULAR SESSION

HOUSE BILL NO. 366

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CHAMPION.

Read 1st time January 15, 2001, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

0788L.02I

AN ACT

To repeal section 143.124, RSMo 2000, relating to deduction for annuities, pensions and retirement allowances, 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Section A. Section 143.124, RSMo 2000, is repealed and one new section enacted in lieu thereof, to be known as section 143.124, to read as follows: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] **5** of this section, shall 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

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

16 state. An individual taxpayer shall only be allowed a maximum deduction of six thousand
17 dollars pursuant to this section. Taxpayers filing combined returns shall only be allowed a
18 maximum deduction of six thousand dollars for each taxpayer on the combined return. **No**
19 **deduction shall be allowed pursuant to this section for any amount of an annuity, pension**
20 **or retirement allowance to the extent that such amount is excluded from the taxpayer's**
21 **federal or Missouri adjusted gross income, or is otherwise deducted from either the**
22 **taxpayer's federal or Missouri adjusted gross income in calculating Missouri taxable**
23 **income.**

24 2. For the period beginning July 1, 1989, and ending December 31, 1989, there shall be
25 subtracted from Missouri adjusted gross income for that period, determined pursuant to section
26 143.121, the first three thousand dollars of retirement benefits received by each taxpayer:

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

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

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

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

51 (1) If the taxpayer's filing status is single, head of household or qualifying widow(er) and

52 the taxpayer's Missouri adjusted gross income is less than twenty-five thousand dollars; or

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

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

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

62 5. For purposes of this section, any Social Security benefits otherwise included in
63 Missouri adjusted gross income shall be subtracted; but Social Security benefits shall not be
64 subtracted for purposes of other computations pursuant to this chapter, and are not to be
65 considered as retirement benefits for purposes of this section.

66 6. The provisions of subdivisions (1) and (2) of subsection 3 of this section shall apply
67 during all tax years in which the federal Internal Revenue Code provides exemption levels for
68 calculation of the taxability of Social Security benefits that are the same as the levels in
69 subdivisions (1) and (2) of subsection 3 of this section. If the exemption levels for the
70 calculation of the taxability of Social Security benefits are adjusted by applicable federal law or
71 regulation, the exemption levels in subdivisions (1) and (2) of subsection 3 of this section shall
72 be accordingly adjusted to the same exemption levels.

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

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

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