

FIRST REGULAR SESSION

HOUSE BILL NO. 388

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES PORTWOOD, BEARDEN, REID,
ROARK AND DEMPSEY (Co-sponsors).

Read 1st time January 16, 2001, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

0976L.011

AN ACT

To repeal sections 143.171 and 160.500, RSMo 2000, relating to income taxation, and to enact in lieu thereof two new sections relating to the same subject.

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

Section A. Sections 143.171 and 160.500, RSMo 2000, are repealed and two new
2 sections enacted in lieu thereof, to be known as sections 143.171 and 160.500, to read as follows:

143.171. 1. For all tax years beginning before January 1, 1994, **and on or after**
2 **January 1, 2001**, for an individual taxpayer and for all tax years beginning before September 1,
3 1993, for a corporate taxpayer, the taxpayer shall be allowed a deduction for [his] **such**
4 **taxpayer's** federal income tax liability [under] **pursuant to** chapter 1 of the Internal Revenue
5 Code for the same taxable year for which the Missouri return is being filed after reduction for
6 all credits thereon, except the credit for payments of federal estimated tax, the credit for the
7 overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by section
8 31 (tax withheld on wages), section 27 (tax of foreign country and United States possessions),
9 and section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).

10 2. For all tax years beginning on or after January 1, 1994, **but before January 1, 2001**,
11 an individual taxpayer shall be allowed a deduction for [his] **such individual's** federal income
12 tax liability [under] **pursuant to** chapter 1 of the Internal Revenue Code for the same taxable
13 year for which the Missouri return is being filed, not to exceed five thousand dollars on a single
14 taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits
15 thereon, except the credit for payments of federal estimated tax, the credit for the overpayment

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

16 of any federal tax, and the credits allowed by the Internal Revenue Code by section 31 (tax
17 withheld on wages), section 27 (tax of foreign country and United States possessions), and
18 section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).

19 3. For all tax years beginning on or after September 1, 1993, a corporate taxpayer shall
20 be allowed a deduction for fifty percent of its federal income tax liability [under] **pursuant to**
21 chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return
22 is being filed after reduction for all credits thereon, except the credit for payments of federal
23 estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the
24 Internal Revenue Code by section 31 (tax withheld on wages), section 27 (tax of foreign country
25 and United States possessions), and section 34 (tax on certain uses of gasoline, special fuels and
26 lubricating oils).

27 4. If a federal income tax liability for a tax year prior to the applicability of sections
28 143.011 to 143.996 for which [he] **a taxpayer** was not previously entitled to a Missouri
29 deduction is later paid or accrued, [he] **such taxpayer** may deduct the federal tax in the later year
30 to the extent it would have been deductible if paid or accrued in the prior year.

160.500. 1. Sections 160.500 to 160.538, sections 160.545 and 160.550, sections
2 161.099 and 161.610, RSMo, sections 162.203 and 162.1010, RSMo, section 163.023, RSMo,
3 sections 166.275 and 166.300, RSMo, section 170.254, RSMo, section 173.750, RSMo, and
4 sections 178.585 and 178.698, RSMo, may be cited as the "Outstanding Schools Act" and
5 includes provisions relating to reduced class size, the A+ schools program, funding for parents
6 as teachers and early childhood development, teacher training, the upgrading of vocational and
7 technical education, measures to promote accountability and other provisions of those sections.

8 2. There is hereby established in the state treasury the "Outstanding Schools Trust Fund".
9 The moneys in the fund shall be available to support only the provisions, reforms and programs
10 referenced in subsection 1 of this section or otherwise contained in [this act] **senate bill no. 380**
11 **of the eighty-seventh general assembly**. The fund shall consist of moneys required by law to
12 be credited to such fund and moneys appropriated annually by the general assembly.
13 Notwithstanding the provisions of section 33.080, RSMo, to the contrary, moneys in the fund
14 shall not be transferred to the credit of the general revenue fund at the end of the biennium. All
15 yield, interest, income, increment or gain received from time deposit of moneys in the state
16 treasury to the credit of the fund shall be credited by the state treasurer to the fund. Of all
17 refunds made of taxes deposited into the fund, the appropriate percentage of any refund shall be
18 paid from the fund or deducted from transfers to the fund.

19 3. The commissioner of administration shall estimate and furnish to the state treasurer
20 the appropriate net increase in the amount of state tax revenues collected and any adjustments
21 to previous estimates pursuant to [this act] **senate bill no. 380 of the eighty-seventh general**

22 **assembly** from the following: the additional one and one-fourth percent tax on Missouri taxable
23 income collected under subsection 2 of section 143.071, RSMo; [and] the reduction of the
24 federal income tax deduction pursuant to subsections 2 and 3 of section 143.171, RSMo, **for all**
25 **tax years beginning on or before January 1, 2001; and the reduction of the federal income**
26 **tax deduction pursuant to subsection 3 of section 143.171, RSMo, for all tax years**
27 **beginning on or after January 1, 2001**, not including any change in tax collections resulting
28 from any revision of the federal tax code made after January 1, 1993. **For all tax years**
29 **beginning on or after January 1, 2001, the commissioner of administration shall also**
30 **include in such estimate and furnish to the state treasurer from the general revenue fund**
31 **an amount equal to the cumulative amount claimed by all individual taxpayers as a**
32 **deduction for federal income tax liability pursuant to section 143.171, RSMo.** The treasurer
33 shall transfer monthly from general revenue an amount equal to the estimate to the outstanding
34 schools trust fund established in subsection 2 of this section.