

FIRST REGULAR SESSION

# HOUSE BILL NO. 547

## 91ST GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE FROELKER.

Read 1<sup>st</sup> time January 25, 2001, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

139IL.011

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### 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.

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*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Section A. Sections 143.171 and 160.500, RSMo 2000, are repealed and two new  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, for an individual  
2 taxpayer and for all tax years beginning before September 1, 1993, for a corporate taxpayer, the  
3 taxpayer shall be allowed a deduction for [his] **such taxpayer's** federal income tax liability  
4 [under] **pursuant to** chapter 1 of the Internal Revenue Code for the same taxable year for which  
5 the Missouri return is being filed after reduction for all credits thereon, except the credit for  
6 payments of federal estimated tax, the credit for the overpayment of any federal tax, and the  
7 credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages), section 27  
8 (tax of foreign country and United States possessions), and section 34 (tax on certain uses of  
9 gasoline, special fuels, and lubricating oils).

10 2. For all tax years beginning on or after January 1, 1994, **but before January 1, 2000,**  
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  
16 of any federal tax, and the credits allowed by the Internal Revenue Code by section 31 (tax

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

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 January 1, 2002, but before January 1,**  
20 **2004, an individual taxpayer shall be allowed a deduction for such individual's federal**  
21 **income tax liability pursuant to chapter 1 of the Internal Revenue Code for the same**  
22 **taxable year for which the Missouri return is being filed, not to exceed five thousand five**  
23 **hundred dollars on a single taxpayer's return or eleven thousand dollars on a combined**  
24 **return, after reduction for all credits thereon, except the credit for payments of federal**  
25 **estimated tax, the credit for the overpayment of any federal tax, and the credits allowed**  
26 **by the Internal Revenue Code by section 31 (tax withheld on wages), section 27 (tax of**  
27 **foreign country and United States possessions), and section 34 (tax on certain uses of**  
28 **gasoline, special fuels, and lubricating oils).**

29       **4. For all tax years beginning on or after January 1, 2004, an individual taxpayer**  
30 **shall be allowed a deduction for such individual's federal income tax liability pursuant to**  
31 **chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri**  
32 **return is being filed, not to exceed six thousand dollars on a single taxpayer's return or**  
33 **twelve thousand dollars on a combined return, after reduction for all credits thereon,**  
34 **except the credit for payments of federal estimated tax, the credit for the overpayment of**  
35 **any federal tax, and the credits allowed by the Internal Revenue Code by section 31 (tax**  
36 **withheld on wages), section 27 (tax of foreign country and United States possessions), and**  
37 **section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).**

38       **[3.] 5. For all tax years beginning on or after September 1, 1993, but before January**  
39 **1, 2002, a corporate taxpayer shall be allowed a deduction for fifty percent of its federal income**  
40 **tax liability [under] pursuant to chapter 1 of the Internal Revenue Code for the same taxable**  
41 **year for which the Missouri return is being filed after reduction for all credits thereon, except the**  
42 **credit for payments of federal estimated tax, the credit for the overpayment of any federal tax,**  
43 **and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages),**  
44 **section 27 (tax of foreign country and United States possessions), and section 34 (tax on certain**  
45 **uses of gasoline, special fuels and lubricating oils).**

46       **6. For all tax years beginning on or after January 1, 2002, but before January 1,**  
47 **2004, a corporate taxpayer shall be allowed a deduction for fifty-two and one-half percent**  
48 **of its federal income tax liability pursuant to chapter 1 of the Internal Revenue Code for**  
49 **the same taxable year for which the Missouri return is being filed after reduction for all**  
50 **credits thereon, except the credit for payments of federal estimated tax, the credit for the**  
51 **overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by**  
52 **section 31 (tax withheld on wages), section 27 (tax of foreign country and United States**

53 possessions), and section 34 (tax on certain uses of gasoline, special fuels and lubricating  
54 oils).

55 7. For all tax years beginning on or after January 1, 2004, a corporate taxpayer  
56 shall be allowed a deduction for fifty-five percent of its federal income tax liability  
57 pursuant to chapter 1 of the Internal Revenue Code for the same taxable year for which  
58 the Missouri return is being filed after reduction for all credits thereon, except the credit  
59 for payments of federal estimated tax, the credit for the overpayment of any federal tax,  
60 and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on  
61 wages), section 27 (tax of foreign country and United States possessions), and section 34  
62 (tax on certain uses of gasoline, special fuels and lubricating oils).

63 [4.] 8. If a federal income tax liability for a tax year prior to the applicability of sections  
64 143.011 to 143.996 for which [he] a taxpayer was not previously entitled to a Missouri  
65 deduction is later paid or accrued, [he] such taxpayer may deduct the federal tax in the later year  
66 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 federal  
24 income tax deduction pursuant to subsections 2 and 3 of section 143.171, RSMo, not including  
25 any change in tax collections resulting from any revision of the federal tax code made after  
26 January 1, 1993. **For all tax years beginning on or after January 1, 2002, the commissioner**  
27 **of administration shall also include in such estimate and furnish to the state treasurer from**  
28 **the general revenue fund an amount equal to the difference between the revenue generated**  
29 **by the reduction of the federal income tax deduction pursuant to subsections 2 and 5 of**  
30 **section 143.171, RSMo, in fiscal year 2001 and the revenue lost as a result of any increase**  
31 **of the federal income tax deduction pursuant to subsections 3, 4, 6 and 7 of section 143.171,**  
32 **RSMo, in any subsequent fiscal year.** The treasurer shall transfer monthly from general  
33 revenue an amount equal to the estimate to the outstanding schools trust fund established in  
34 subsection 2 of this section.