

FIRST REGULAR SESSION

HOUSE BILL NO. 133

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES MOORE (Sponsor), DUSENBERG, PORTWOOD, DAY,
FISHER, RUESTMAN, NOLTE, FAITH, SANDER, SATER, ROORDA, NANCE, ERVIN, BIVINS,
FARES AND EMERY (Co-sponsors).

Pre-filed December 14, 2006 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

0278L.01I

AN ACT

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

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

Section A. Section 143.124, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.124, to read as follows: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, **for all tax years beginning before January 1, 2008**, 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 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

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

14 Internal Revenue Code, but not including Roth IRAs, as well as an annuity, pension or retirement
15 allowance provided by the United States, this state, any other state or any political subdivision
16 or agency or institution of this or any other state. An individual taxpayer shall only be allowed
17 a maximum deduction of six thousand dollars pursuant to this section. Taxpayers filing
18 combined returns shall only be allowed a maximum deduction of six thousand dollars for each
19 taxpayer on the combined return. **For all tax years beginning on or after January 1, 2008, no**
20 **annuity, pension, or retirement allowance, whether public or private, subtracted from**
21 **federal adjusted gross income under section 143.121 shall be subject to tax under this**
22 **chapter.**

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

56 **(4) If the taxpayer is age sixty-five or over.**

57 [4.] **3.** If a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling
58 for such taxpayer's filing status, as provided in subdivisions (1), (2) and (3) of subsection [3] **2**
59 of this section, such taxpayer shall be entitled to an exemption equal to the greater of zero or the
60 maximum exemption provided in subsection [3] **2** 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.] **4.** 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.] **5.** The provisions of subdivisions (1) and (2) of subsection [3] **2** of this section shall
67 apply during all tax years in which the federal Internal Revenue Code provides exemption levels
68 for calculation of the taxability of Social Security benefits that are the same as the levels in
69 subdivisions (1) and (2) of subsection [3] **2** 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] **2** of this section
72 shall be accordingly adjusted to the same exemption levels.

73 [7.] **6.** The portion of a taxpayer's lump sum distribution from an annuity or other
74 retirement plan not otherwise included in Missouri adjusted gross income as calculated pursuant
75 to this chapter but subject to taxation under Internal Revenue Code Section 402 shall be taxed
76 in an amount equal to ten percent of the taxpayer's federal liability on such distribution for the
77 same tax year.

78 [8.] **7.** 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.] **8.** 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.

84 [10.] **9.** The exemptions provided for in this section shall apply to any annuity, pension,
85 or retirement allowance as defined in subsection 1 of this section to the extent that such amounts

86 are included in the taxpayer's federal adjusted gross income and not otherwise deducted from the
87 taxpayer's federal adjusted gross income in the calculation of Missouri taxable income. This
88 subsection shall not apply to any individual who qualifies under federal guidelines to be one
89 hundred percent disabled.

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