

FIRST REGULAR SESSION

HOUSE BILL NO. 148

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES SALVA (Sponsor),
WILDBERGER AND MEADOWS (Co-sponsors).

Pre-filed December 15, 2006 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

0370L.01I

AN ACT

To repeal sections 143.123 and 143.124, RSMo, and to enact in lieu thereof two new sections relating to taxes on annuities, pensions, retirement allowances, and disability allowances.

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

Section A. Sections 143.123 and 143.124, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 143.123 and 143.124, to read as follows:

143.123. **1. For all taxable years ending on or before December 31, 2006**, any six
2 thousand dollar subtraction provided by law for annuities, pensions, and retirement allowances
3 in total per taxpayer, as hereafter provided by subsequent law, shall be implemented in a
4 maximum amount of six thousand dollars per year, or three thousand dollars for a six-month
5 period.

6 **2. For all taxable years beginning on or after January 1, 2007, any twelve thousand**
7 **dollar subtraction provided by law for annuities, pensions, retirement allowances, and**
8 **disability allowances in total per taxpayer, as hereafter provided by subsequent law, shall**
9 **be implemented in a maximum amount of twelve thousand dollars per year, or six**
10 **thousand dollars for a six-month period.**

143.124. 1. Other provisions of law to the contrary notwithstanding, **for all taxable**
2 **years ending on or before December 31, 2006**, the total amount of all annuities, pensions, or
3 retirement allowances above the amount of six thousand dollars annually provided by any law
4 of this state, the United States, or any other state to any person except as provided in subsection

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.

5 4 of this section, shall be subject to tax pursuant to the provisions of this chapter, in the same
6 manner, to the same extent and under the same conditions as any other taxable income received
7 by the person receiving it. **For all taxable years beginning on or after January 1, 2007, the**
8 **total amount of all annuities, pensions, retirement allowances, or disability allowances**
9 **above the amount of twelve thousand dollars annually provided by any law of this state,**
10 **the United States, or any other state to any person except as provided in subsection 4 of this**
11 **section, shall be subject to tax under the provisions of this chapter, in the same manner,**
12 **to the same extent and under the same conditions as any other taxable income received by**
13 **the person receiving it.** For purposes of this section, annuity, pension, [or] retirement
14 allowance, **or disability allowance** shall be defined as an annuity, pension [or] , retirement
15 allowance, **or disability allowance** provided by the United States, this state, any other state or
16 any political subdivision or agency or institution of this or any other state. For all tax years
17 beginning on or after January 1, 1998, for purposes of this section, annuity, pension [or] ,
18 retirement allowance, **or disability allowance** shall be defined to include 401(k) plans, deferred
19 compensation plans, self-employed retirement plans, also known as Keogh plans, annuities from
20 a defined pension plan and individual retirement arrangements, also known as IRAs, as described
21 in the Internal Revenue Code, but not including Roth IRAs, as well as an annuity, pension [or]
22 , retirement allowance, **or disability allowance** provided by the United States, this state, any
23 other state or any political subdivision or agency or institution of this or any other state. An
24 individual taxpayer shall only be allowed a maximum deduction of six thousand dollars, **or**
25 **twelve thousand dollars in all taxable years beginning on or after January 1, 2007,** pursuant
26 to this section. Taxpayers filing combined returns shall only be allowed a maximum deduction
27 of six thousand dollars, **or twelve thousand dollars in all taxable years beginning on or after**
28 **January 1, 2007,** for each taxpayer on the combined return.

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

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

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

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

39 3.] For the tax years beginning on or after January 1, 1990, **but ending on or before**
40 **December 31, 2006,** there shall be subtracted from Missouri adjusted gross income, determined

41 pursuant to section 143.121, a maximum of the first six thousand dollars of retirement benefits
42 received by each taxpayer from sources other than privately funded sources, and for tax years
43 beginning on or after January 1, 1998, **and ending on or before December 31, 2006**, there shall
44 be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a
45 maximum of the first one thousand dollars of any retirement allowance received from any
46 privately funded source for tax years beginning on or after January 1, 1998, but before January
47 1, 1999, and a maximum of the first three thousand dollars of any retirement allowance received
48 from any privately funded source for tax years beginning on or after January 1, 1999, but before
49 January 1, 2000, and a maximum of the first four thousand dollars of any retirement allowance
50 received from any privately funded source for tax years beginning on or after January 1, 2000,
51 but before January 1, 2001, and a maximum of the first five thousand dollars of any retirement
52 allowance received from any privately funded source for tax years beginning on or after January
53 1, 2001, but before January 1, 2002, and a maximum of the first six thousand dollars of any
54 retirement allowance received from any privately funded sources for tax years beginning on or
55 after January 1, 2002, **but ending on or before December 31, 2006. For all taxable years**
56 **beginning on or after January 1, 2007, there shall be subtracted from Missouri adjusted**
57 **gross income, determined under section 143.121, a maximum of the first twelve thousand**
58 **dollars of retirement allowance or disability allowance received by each taxpayer from any**
59 **source.** A taxpayer shall be entitled to the maximum exemption provided by this subsection:

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

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

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

66 [4.] **3.** If a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling
67 for such taxpayer's filing status, as provided in subdivisions (1), (2) and (3) of subsection [3] **2**
68 of this section, such taxpayer shall be entitled to an exemption equal to the greater of zero or the
69 maximum exemption provided in subsection [3] **2** of this section reduced by one dollar for every
70 dollar such taxpayer's income exceeds the ceiling for his or her filing status.

71 [5.] **4.** For purposes of this section, any Social Security benefits otherwise included in
72 Missouri adjusted gross income shall be subtracted; but Social Security benefits shall not be
73 subtracted for purposes of other computations pursuant to this chapter, and are not to be
74 considered as retirement benefits for purposes of this section.

75 [6.] **5.** The provisions of subdivisions (1) and (2) of subsection [3] **2** of this section shall
76 apply during all tax years in which the federal Internal Revenue Code provides exemption levels

77 for calculation of the taxability of Social Security benefits that are the same as the levels in
78 subdivisions (1) and (2) of subsection [3] 2 of this section. If the exemption levels for the
79 calculation of the taxability of Social Security benefits are adjusted by applicable federal law or
80 regulation, the exemption levels in subdivisions (1) and (2) of subsection [3] 2 of this section
81 shall be accordingly adjusted to the same exemption levels.

82 [7.] 6. The portion of a taxpayer's lump sum distribution from an annuity or other
83 retirement plan not otherwise included in Missouri adjusted gross income as calculated pursuant
84 to this chapter but subject to taxation under Internal Revenue Code Section 402 shall be taxed
85 in an amount equal to ten percent of the taxpayer's federal liability on such distribution for the
86 same tax year.

87 [8.] 7. For purposes of this section, retirement benefits received shall not include any
88 withdrawals from qualified retirement plans which are subsequently rolled over into another
89 retirement plan.

90 [9.] 8. The exemptions provided for in this section shall not affect the calculation of the
91 income to be used to determine the property tax credit provided in sections 135.010 to 135.035,
92 RSMo.

93 [10.] 9. The exemptions provided for in this section shall apply to any annuity, pension,
94 [or] retirement allowance, **or disability allowance** as defined in subsection 1 of this section to
95 the extent that such amounts are included in the taxpayer's federal adjusted gross income and not
96 otherwise deducted from the taxpayer's federal adjusted gross income in the calculation of
97 Missouri taxable income. This subsection shall not apply to any individual who qualifies under
98 federal guidelines to be one hundred percent disabled.

✓