

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NOS. 636, 308 & 173
94TH GENERAL ASSEMBLY

Reported from the Special Committee on Tax Reform February 8, 2007 with recommendation that House Committee Substitute for House Bill Nos. 636, 308 & 173 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(21)(f).

D. ADAM CRUMBLISS, Chief Clerk

1482L.03C

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a tax credit for military retirement benefits.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.631, to read as follows:

135.631. 1. As used in this section, the following terms mean:

(1) "Military retirement benefits", any military retirement benefits included in federal adjusted gross income and not otherwise excluded therefrom;

(2) "Tax credit", a credit against the tax otherwise due under chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo;

(3) "Taxpayer", any individual subject to the tax imposed in chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo.

2. For all taxable years beginning on or after January 1, 2007, a taxpayer shall be allowed a tax credit for military retirement benefits received by the taxpayer. The tax credit amount shall be equal to the amount of state income tax otherwise due for military retirement benefits received in the taxable year for which the credit is claimed. The amount of the tax credit issued shall not exceed the amount of the taxpayer's state tax liability for the tax year for which the credit is claimed. No amount of credit that 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 taxpayer is prohibited by this section from claiming in a tax year shall be refundable, nor
15 shall any tax credit granted under this section be transferred, sold, or assigned.

16 3. The department of revenue may promulgate rules to implement the provisions
17 of this section. Any rule or portion of a rule, as that term is defined in section 536.010,
18 RSMo, that is created under the authority delegated in this section shall become effective
19 only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and,
20 if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are
21 nonseverable and if any of the powers vested with the general assembly pursuant to
22 chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule
23 are subsequently held unconstitutional, then the grant of rulemaking authority and any
24 rule proposed or adopted after August 28, 2007, shall be invalid and void.

✓