

SECOND REGULAR SESSION
[PERFECTED]
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1644
94TH GENERAL ASSEMBLY

Reported from the Special Committee on Tax Reform March 6, 2008 with recommendation that House Committee Substitute for House Bill No. 1644 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(21)(f).

Reported from the Committee on Rules March 12, 2008 with recommendation that House Committee Substitute for House Bill No. 1644 Do Pass, with no time limit for debate on Perfection.

Taken up for Perfection April 30, 2008. House Committee Substitute for House Bill No. 1644 ordered Perfected and printed, as amended.

D. ADAM CRUMBLISS, Chief Clerk

3636L.02P

AN ACT

To repeal sections 142.803, 143.011, 143.071, and 143.171, RSMo, and to enact in lieu thereof five new sections relating to income and fuel taxes, with an emergency clause.

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

Section A. Sections 142.803, 143.011, 143.071, and 143.171, RSMo, are repealed and
2 five new sections enacted in lieu thereof, to be known as sections 142.803, 143.011, 143.071,
3 143.171, and 1, to read as follows:

142.803. 1. A tax is levied and imposed on all motor fuel used or consumed in this state
2 as follows:

3 (1) Motor fuel, seventeen cents per gallon, **except as provided in subsection 3 of this**
4 **section;**

5 (2) Alternative fuels, not subject to the decal fees as provided in section 142.869, with
6 a power potential equivalent of motor fuel. In the event alternative fuel, which is not commonly
7 sold or measured by the gallon, is used in motor vehicles on the highways of this state, the
8 director is authorized to assess and collect a tax upon such alternative fuel measured by the
9 nearest power potential equivalent to that of one gallon of regular grade gasoline. 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.

10 determination by the director of the power potential equivalent of such alternative fuel shall be
 11 prima facie correct;

12 (3) Aviation fuel used in propelling aircraft with reciprocating engines, nine cents per
 13 gallon as levied and imposed by section 155.080, RSMo, to be collected as required under this
 14 chapter.

15 2. All taxes, surcharges and fees are imposed upon the ultimate consumer, but are to be
 16 precollected as described in this chapter, for the facility and convenience of the consumer. The
 17 levy and assessment on other persons as specified in this chapter shall be as agents of this state
 18 for the precollection of the tax.

19 **3. (1) The retail fuel consumer may seek reimbursement from the state for all state**
 20 **fuel taxes paid on gasoline and diesel fuel purchases made in the state for personal use in**
 21 **the personal motor vehicle of the retail consumer from 12:01 a.m. on May 24, 2008, and**
 22 **ending at 12:00 a.m. on September 2, 2008.**

23 (2) This subsection shall not be construed to apply to any tax, excise, license, or fee
 24 imposed by any political subdivision under subsection 3 of section 30(a), article IV,
 25 Constitution of Missouri.

26 (3) All revenue losses of the Missouri department of transportation resulting from
 27 the fuel tax holiday contained in this subsection shall be reimbursed by the state of
 28 Missouri through appropriations.

29 (4) The director of the department of revenue may promulgate rules to implement
 30 the provisions of this subsection. Any rule or portion of a rule, as that term is defined in
 31 section 536.010, RSMo, that is created under the authority delegated in this subsection
 32 shall become effective only if it complies with and is subject to all of the provisions of
 33 chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This subsection and chapter
 34 536, RSMo, are nonseverable and if any of the powers vested with the general assembly
 35 under chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul
 36 a rule are subsequently held unconstitutional, then the grant of rulemaking authority and
 37 any rule proposed or adopted after August 28, 2008, shall be invalid and void.

143.011. 1. A tax is hereby imposed for every taxable year on the Missouri taxable
 2 income of every resident.

3 **2. For all taxable years ending on or before December 31, 2007,** the tax shall be
 4 determined by applying the tax table or the rate provided in section 143.021, which is based upon
 5 the following rates:

6 If the Missouri taxable income is:	The tax is:
7 Not over \$1,000.00	1 1/2% of the
8	Missouri taxable income

9	Over \$1,000 but not over \$2,000	\$15 plus 2% of
10		excess over \$1,000
11	Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of
12		excess over \$2,000
13	Over \$3,000 but not over \$4,000	\$60 plus 3% of
14		excess over \$3,000
15	Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of
16		excess over \$4,000
17	Over \$5,000 but not over \$6,000	\$125 plus 4% of excess
18		over \$5,000
19	Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of
20		excess over \$6,000
21	Over \$7,000 but not over \$8,000	\$210 plus 5% of excess
22		over \$7,000
23	Over \$8,000 but not over \$9,000	\$260 plus 5 1/2% of
24		excess over \$8,000
25	Over \$9,000	\$315 plus 6% of excess
26		over \$9,000

27 **3. For all taxable years beginning on or after January 1, 2008, the tax shall be**
 28 **determined by applying the tax table or the rate provided in section 143.021, which is**
 29 **based upon the following rates:**

30	If the Missouri taxable income is:	The tax is:
31	Not over \$1,000.00	0% of the
32		Missouri taxable income
33	Over \$1,000 but not over \$2,000	\$15 plus 2% of
34		excess over \$1,000
35	Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of
36		excess over \$2,000
37	Over \$3,000 but not over \$4,000	\$60 plus 3% of
38		excess over \$3,000
39	Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of
40		excess over \$4,000
41	Over \$5,000 but not over \$6,000	\$125 plus 4% of excess
42		over \$5,000
43	Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of
44		excess over \$6,000

45	Over \$7,000 but not over \$8,000	\$210 plus 5% of excess
46		over \$7,000
47	Over \$8,000 but not over \$9,000.....	\$260 plus 5 1/2% of
48		excess over \$8,000
49	Over \$9,000.....	\$315 plus 6% of excess
50		over \$9,000

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to five percent of Missouri taxable income.

2. For all tax years beginning on or after September 1, 1993, **and ending on or before December 31, 2008**, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to six and one-fourth percent of Missouri taxable income. **For the tax year beginning on January 1, 2009, the tax imposed upon the Missouri taxable income of corporations shall be equal to five percent of Missouri taxable income. For the tax year beginning on January 1, 2010, the tax imposed upon the Missouri taxable income of corporations shall be equal to three and three-fourths percent of Missouri taxable income. For the tax year beginning on January 1, 2011, the tax imposed upon the Missouri taxable income of corporations shall be equal to two and one-half percent of Missouri taxable income. For the tax year beginning on January 1, 2012, the tax imposed upon the Missouri taxable income of corporations shall be equal to one and one-fourth percent of Missouri taxable income. For all tax years beginning on or after January 1, 2013, no tax shall be imposed upon the Missouri taxable income of corporations.**

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

2.] For all tax years beginning on or after January 1, 1994, **but ending on December 31, 2008**, an individual taxpayer shall be allowed a deduction for [his] **the taxpayer's** federal income tax liability under chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed, not to exceed five thousand dollars on a single taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment

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

18 **2. (1) As used in this subsection, the term "deduction limit" means:**

19 **(a) Five thousand dollars for taxpayers with a filing status of single, head of**
20 **household, qualifying widow(er), or married filing separately;**

21 **(b) Ten thousand dollars for taxpayers with a filing status of married filing**
22 **combined.**

23 **(2) For all taxable years beginning on or after January 1, 2009, but ending on**
24 **December 31, 2012, an individual taxpayer shall be allowed a deduction for the taxpayer's**
25 **federal income tax liability under chapter 1 of the Internal Revenue Code of 1986, as**
26 **amended, for the same taxable year for which the Missouri return is being filed, after**
27 **reduction for all credits thereon, except the credit for payments of federal estimated tax,**
28 **the credit for the overpayment of any federal tax, and the credits allowed by the Internal**
29 **Revenue Code by section 31 (tax withheld on wages) as amended, section 27 (tax of foreign**
30 **country and United States possessions) as amended, and section 34 (tax on certain uses of**
31 **gasoline, special fuels, and lubricating oils) as amended.**

32 **(3) The deduction amount shall be equal to the amount of the taxpayer's federal**
33 **income tax liability that does not exceed the deduction limit. If the taxpayer's federal**
34 **income tax liability exceeds the deduction limit, the deduction amount for the taxpayer's**
35 **federal tax liability in excess of the deduction limit shall be the following percentages of the**
36 **taxpayer's federal income tax liability in the taxable year for which the deduction is made:**

37 **(a) For the taxable year beginning on January 1, 2009, twenty percent;**

38 **(b) For the taxable year beginning on January 1, 2010, forty percent;**

39 **(c) For the taxable year beginning on January 1, 2011, sixty percent;**

40 **(d) For the taxable year beginning on January 1, 2012, eighty percent.**

41

42 **For all taxable years beginning on or after January 1, 2013, the deduction amount shall be**
43 **equal to the amount of the individual's federal income tax liability after reduction for all**
44 **credits thereon, except the credit for payments of federal estimated tax, the credit for the**
45 **overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by**
46 **section 31 (tax withheld on wages) as amended, section 27 (tax of foreign country and**
47 **United States possessions) as amended, and section 34 (tax on certain uses of gasoline,**
48 **special fuels, and lubricating oils) as amended, in the taxable year for which the deduction**
49 **is made.**

50 3. For all tax years beginning on or after September 1, 1993, **but ending on or before**
51 **December 31, 2008**, a corporate taxpayer shall be allowed a deduction for fifty percent of its
52 federal income tax liability under chapter 1 of the Internal Revenue Code for the same taxable
53 year for which the Missouri return is being filed after reduction for all credits thereon, except the
54 credit for payments of federal estimated tax, the credit for the overpayment of any federal tax,
55 and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages),
56 section 27 (tax of foreign country and United States possessions), and section 34 (tax on certain
57 uses of gasoline, special fuels and lubricating oils). **For all taxable years beginning on or after**
58 **January 1, 2009**, the amount of the deduction allowed under this subsection shall be the
59 following percentages of the corporate taxpayer's federal income tax liability under
60 chapter 1 of the Internal Revenue Code of 1986, as amended, for the same taxable year for
61 which the Missouri return is filed after reduction for all credits thereon, except the credit
62 for payments of federal estimated tax, the credit for the overpayment of any federal tax,
63 and the credits allowed by the Internal Revenue Code of 1986 by section 31 (tax withheld
64 on wages) as amended, section 27 (tax of foreign country and United States possessions) as
65 amended, and section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils)
66 as amended:

- 67 (1) For the taxable year beginning in 2009, sixty percent;
68 (2) For the taxable year beginning in 2010, seventy percent;
69 (3) For the taxable year beginning in 2011, eighty percent;
70 (4) For the taxable year beginning in 2012, ninety percent; and
71 (5) For all taxable years beginning on or after January 1, 2013, one hundred
72 percent.

73 4. If a federal income tax liability for a tax year prior to the applicability of sections
74 143.011 to 143.996 for which [he] **the taxpayer** was not previously entitled to a Missouri
75 deduction is later paid or accrued, [he] **the taxpayer** may deduct the federal tax in the later year
76 to the extent it would have been deductible if paid or accrued in the prior year.

Section 1. No state and local sales and use tax shall apply to any fuel exempted by
2 **the fuel tax holiday under section 142.803.**

 Section B. Because immediate action is necessary to provide funding for a fuel tax
2 holiday, the repeal and reenactment of section 142.803 of section A of this act is deemed
3 necessary for the immediate preservation of the public health, welfare, peace, and safety, and is
4 hereby declared to be an emergency act within the meaning of the constitution, and the repeal
5 and reenactment of section 142.803 of section A of this act shall be in full force and effect upon
6 its passage and approval.

✓