

FIRST REGULAR SESSION

# HOUSE BILL NO. 1074

## 95TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE BRANDOM.

2445L.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal section 143.261, RSMo, and to enact in lieu thereof three new sections relating to income taxation.

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

Section A. Section 143.261, RSMo, is repealed and three new sections enacted in lieu thereof, to be known as sections 143.261, 143.473, and 620.1892, to read as follows:

143.261. **1. For all calendar years ending on or before December 31, 2009**, for every remittance to the director of revenue made on or before the date the remittance becomes due, the employer, other than the United States and its agencies, the state of Missouri and political subdivisions thereof, may deduct and retain the following percentages of the total amount of tax withheld and paid in each calendar year:

(1) Two percent of five thousand dollars or less;

(2) One percent of amount collected in excess of five thousand dollars and up to and including ten thousand dollars;

(3) One-half percent of amount collected in excess of ten thousand dollars.

**2. For all calendar years beginning on or after January 1, 2010, for every remittance to the director of revenue made on or before the date the remittance becomes due, the employer, other than the United States and its agencies, the state of Missouri, and political subdivisions thereof, may deduct and retain the following percentages of the total amount of tax withheld and paid in each calendar year:**

(1) **Two and one-half percent of five thousand dollars or less;**

(2) **One and one-half percent of amount collected in excess of five thousand dollars and up to and including ten thousand dollars;**

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.

18           **(3) One percent of amount collected in excess of ten thousand dollars.**

**143.473. 1. For all taxable years beginning on or after January 1, 2010, any**  
2 **corporation subject to the tax on income imposed under this chapter, excluding**  
3 **withholding tax imposed by sections 143.191 to 143.265, and that does not receive any**  
4 **funds from any program administered by the department of economic development, may**  
5 **be exempted from the imposition of the income tax as provided in this section.**

6           **2. Any corporation seeking to be exempted from income tax under this section shall**  
7 **annually file the following exemption request form or statement with the department of**  
8 **revenue:**

9           **(1) A form or statement indicating that the corporation is not receiving any funds**  
10 **from any program administered by the department of economic development at the time**  
11 **of the request for exemption, and will neither receive nor apply to receive any such funds**  
12 **for the five taxable years following the request;**

13           **(2) A form or statement indicating that the corporation understands that receiving**  
14 **any funds from any program administered by the department of economic development**  
15 **shall result in the loss of the exemption provided under this section, and that any income**  
16 **tax the corporation has not paid in the previous four years because of the exemption**  
17 **provided under this section shall become due immediately upon the application for or**  
18 **receipt of such funds.**

19           **3. The five-year exemption period shall be renewed each time a corporation files**  
20 **an exemption request form or statement under this section.**

21           **4. The department of revenue may promulgate rules to implement the provisions**  
22 **of this section. Any rule or portion of a rule, as that term is defined in section 536.010,**  
23 **RSMo, that is created under the authority delegated in this section shall become effective**  
24 **only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and,**  
25 **if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are**  
26 **nonseverable and if any of the powers vested with the general assembly pursuant to**  
27 **chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule**  
28 **are subsequently held unconstitutional, then the grant of rulemaking authority and any**  
29 **rule proposed or adopted after August 28, 2009, shall be invalid and void.**

30           **5. Under section 23.253, RSMo, of the Missouri Sunset Act:**

31           **(1) The provisions of the new program authorized under this section shall**  
32 **automatically sunset on December thirty-first six years after the effective date of this**  
33 **section unless reauthorized by an act of the general assembly; and**

34 (2) If such program is reauthorized, the program authorized under this section  
35 shall automatically sunset on December thirty-first twelve years after the effective date of  
36 the reauthorization of this section; and

37 (3) This section shall terminate on September first of the calendar year immediately  
38 following the calendar year in which the program authorized under this section is sunset.

620.1892. 1. This section shall be known and may be cited as the "Small Business  
2 and Entrepreneurial Growth Act".

3 2. For all taxable years beginning on or after January 1, 2010, an employer of a  
4 small business shall be allowed to receive benefits under subsection 3 of this section if such  
5 employer expands such business by increasing the number of jobs and by meeting the  
6 following qualifications:

7 (1) The employer's total payroll for the small business increases by at least twenty  
8 percent due to the addition of new jobs or a business with less than five employees adds  
9 employees so that the total number of employees is five or greater;

10 (2) The employer does not exceed ten new technology jobs, twenty new jobs located  
11 in a rural area, and forty new jobs located in an urban area; and

12 (3) Wages for new jobs created by the employer under this section shall be equal  
13 to or greater than the county average wage as defined in section 620.1878.

14 3. Benefits provided under this section shall be as follows:

15 (1) Retention of all tax withheld under sections 143.191 to 143.265, RSMo, from the  
16 newly created jobs for a period of one year; or

17 (2) If the employer also provides health insurance and pays more than fifty percent  
18 of the premiums for all employees, the tax withheld under sections 143.191 to 143.265,  
19 RSMo, from newly created jobs may be retained for a period of two years.

20 4. No employers receiving benefits under this section shall be eligible for any  
21 benefits provided under sections 620.1875 to 620.1890.

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