

SECOND REGULAR SESSION

HOUSE BILL NO. 2030

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HOSKINS.

5096H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to tax deductions for employee stock ownership plans.

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 135.495, to read as follows:

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

(1) “Commercial domicile”, the principal place from which the trade or business of the taxpayer is directed or managed;

(2) “Deduction”, an amount subtracted from the taxpayer’s Missouri adjusted gross income to determine Missouri taxable income for the tax year in which such deduction is claimed;

(3) “Employer securities”, the same meaning as defined under section 409(l) of the Internal Revenue Code;

(4) “Missouri corporation”, a corporation whose commercial domicile is in this state;

(5) “Qualified Missouri employee stock ownership plan”, an employee stock ownership plan, as defined under section 4975(e)(7) of the Internal Revenue Code, and trust that are established by a Missouri corporation for the benefit of the employees of the corporation;

(6) “Taxpayer”, an individual, firm, partner in a firm, corporation, partnership, shareholder in an S corporation, or member of a limited liability company subject to 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.

17 income tax imposed under chapter 143, excluding withholding tax imposed by sections
18 143.191 to 143.265.

19 2. For all tax years beginning on or after January 1, 2017, in addition to all other
20 modifications allowed by law, a taxpayer shall be allowed a deduction from the taxpayer's
21 federal adjusted gross income when determining Missouri adjusted gross income in an
22 amount equal to fifty percent of the net capital gain from the sale or exchange of employer
23 securities of a Missouri corporation to a qualified Missouri employee stock ownership plan
24 if, upon completion of the transaction, the qualified Missouri employee stock ownership
25 plan owns at least thirty percent of all outstanding employer securities issued by the
26 Missouri corporation.

27 3. The department of revenue may promulgate rules and regulations for the
28 administration of this section. Any rule or portion of a rule, as that term is defined in
29 section 536.010, that is created under the authority delegated in this section shall become
30 effective only if it complies with and is subject to all of the provisions of chapter 536 and,
31 if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any
32 of the powers vested with the general assembly pursuant to chapter 536 to review, to delay
33 the effective date, or to disapprove and annul a rule are subsequently held
34 unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted
35 after August 28, 2016, shall be invalid and void.

36 4. Under section 23.253 of the Missouri sunset act:

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

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

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

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