

SECOND REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

# HOUSE BILL NO. 2030

98TH GENERAL ASSEMBLY

5096H.03P

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To amend chapter 143, RSMo, by adding thereto one new section relating to tax deductions for employee stock ownership plans.

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

Section A. Chapter 143, RSMo, is amended by adding thereto one new section, to be known as section 143.114, to read as follows:

**143.114. 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”, for individuals, 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 and for corporations, an amount subtracted from the taxpayer’s federal taxable 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;

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           (6) "Taxpayer", an individual, firm, partner in a firm, corporation, partnership,  
18 shareholder in an S corporation, or member of a limited liability company subject to the  
19 income tax imposed under chapter 143, excluding withholding tax imposed by sections  
20 143.191 to 143.265.

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

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

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

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

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

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

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