

House _____ Amendment NO. _____

Offered By

1 AMEND House Committee Substitute for Senate Bill No. 884, Page 18, Section 94.005, Line 3, by
2 inserting after all of said section and line the following:

3
4 "143.011. 1. (1) For tax years ending before January 1, 2019, a tax is hereby imposed for
5 every [taxable] tax year on the Missouri taxable income of every resident. The tax shall be
6 determined by applying the tax table or the rate provided in section 143.021, which is based upon
7 the following rates:

8	If the Missouri taxable income is:	The tax is:
9	Not over \$1,000.00	1 1/2% of the Missouri taxable income
10	Over \$1,000 but not over \$2,000	\$15 plus 2% of excess over \$1,000
11	Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of excess over \$2,000
12	Over \$3,000 but not over \$4,000	\$60 plus 3% of excess over \$3,000
13	Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
14	Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
15	Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000
16	Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over \$7,000
17	Over \$8,000 but not over \$9,000	\$260 plus 5 1/2% of excess over \$8,000
18	Over \$9,000	\$315 plus 6% of excess over \$9,000

19 (2) For all tax years beginning on or after January 1, 2019, a tax is hereby imposed for
20 every tax year on the Missouri taxable income of every resident. The tax shall be determined by
21 applying the tax table or the rate provided in section 143.021, which is based upon the following
22 rates:

23	<u>If the Missouri taxable income is:</u>	<u>The tax is:</u>
24	<u>Not over \$1,000</u>	<u>3 1/2% of the Missouri taxable income</u>
25	<u>Over \$1,000 but not over \$2,000</u>	<u>\$35 plus 4% of excess over \$1,000</u>
26	<u>Over \$2,000 but not over \$3,000</u>	<u>\$75 plus 4 1/2% of excess over \$2,000</u>
27	<u>Over \$3,000 but not over \$4,000</u>	<u>\$120 plus 5% of excess over \$3,000</u>
28	<u>Over \$4,000</u>	<u>\$170 plus 5 1/2% of excess over \$4,000</u>

29 2. (1) Beginning with the 2017 calendar year, the top rate of tax under subsection 1 of this
30 section may be reduced over a period of years. Each reduction in the top rate of tax shall be by one-
31 tenth of a percent and no more than one reduction shall occur in a calendar year. The top rate of tax
32 shall not be reduced below five [~~and one-half~~] percent. Reductions in the rate of tax shall take
33 effect on January first of a calendar year and such reduced rates shall continue in effect until the
34 next reduction occurs.

35 (2) A reduction in the rate of tax shall only occur if the amount of net general revenue
36 collected in the previous fiscal year exceeds the highest amount of net general revenue collected in

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1 any of the three fiscal years prior to such fiscal year by at least one hundred fifty million dollars.

2 (3) Any modification of tax rates under this subsection shall only apply to tax years that
3 begin on or after a modification takes effect.

4 (4) The director of the department of revenue shall, by rule, adjust the tax tables under
5 subsection 1 of this section to effectuate the provisions of this subsection. The bracket for income
6 subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced to five
7 ~~[and one-half of a]~~ percent, and the top remaining rate of tax shall apply to all income in excess of
8 the income in the second highest remaining income bracket.

9 3. Beginning with the 2017 calendar year, the brackets of Missouri taxable income
10 identified in subsection 1 of this section shall be adjusted annually by the percent increase in
11 inflation. The director shall publish such brackets annually beginning on or after October 1, 2016.
12 Modifications to the brackets shall take effect on January first of each calendar year and shall apply
13 to tax years beginning on or after the effective date of the new brackets.

14 4. As used in this section, the following terms mean:

15 (1) "CPI", the Consumer Price Index for All Urban Consumers for the United States as
16 reported by the Bureau of Labor Statistics, or its successor index;

17 (2) "CPI for the preceding calendar year", the average of the CPI as of the close of the
18 twelve month period ending on August thirty-first of such calendar year;

19 (3) "Percent increase in inflation", the percentage, if any, by which the CPI for the
20 preceding calendar year exceeds the CPI for the year beginning September 1, 2014, and ending
21 August 31, 2015.

22 143.022. 1. As used in this section, "business income" means the income greater than zero
23 arising from transactions in the regular course of all of a taxpayer's trade or business and shall be
24 limited to the Missouri source net profit from the combination of the following:

25 (1) The total combined profit as properly reported to the Internal Revenue Service on each
26 Schedule C, or its successor form, filed; and

27 (2) The total partnership and S corporation income or loss properly reported to the Internal
28 Revenue Service on Part II of Schedule E, or its successor form.

29 2. In addition to all other modifications allowed by law, there shall be subtracted from the
30 federal adjusted gross income of an individual taxpayer a percentage of such individual's business
31 income, to the extent that such amounts are included in federal adjusted gross income when
32 determining such individual's Missouri adjusted gross income.

33 3. In the case of an S corporation described in section 143.471 or a partnership computing
34 the deduction allowed under subsection 2 of this section, taxpayers described in subdivision (1) or
35 (2) of this subsection shall be allowed such deduction apportioned in proportion to their share of
36 ownership of the business as reported on the taxpayer's Schedule K-1, or its successor form, for the
37 tax period for which such deduction is being claimed when determining the Missouri adjusted gross
38 income of:

39 (1) The shareholders of an S corporation as described in section 143.471;

40 (2) The partners in a partnership.

41 4. The percentage to be subtracted under subsection 2 of this section shall be increased
42 ~~[over a period of years. Each increase in the percentage shall be]~~ by five percent ~~[and no more than~~
43 ~~one increase shall occur]~~ in [a] calendar year~~[- The maximum percentage that may be subtracted is~~
44 ~~twenty-five percent of business income. Any increase in the percentage that may be subtracted shall~~
45 ~~take effect on January first of a calendar year]~~ 2018, and such percentage shall continue in effect
46 ~~[until the next percentage increase occurs. An increase shall only apply to tax years that begin on or~~
47 ~~after the increase takes effect.~~

48 ~~5. An increase in the percentage that may be subtracted under subsection 2 of this section~~

1 shall only occur if the amount of net general revenue collected in the previous fiscal year exceeds
 2 the highest amount of net general revenue collected in any of the three fiscal years prior to such
 3 fiscal year by at least one hundred fifty million dollars.

4 ~~6. The first year that a taxpayer may make the subtraction under subsection 2 of this section~~
 5 ~~is 2017, provided that the provisions of subsection 5 of this section are met. If the provisions of~~
 6 ~~subsection 5 of this section are met, the percentage that may be subtracted in 2017 is five percent.]~~
 7 ~~for successive calendar years.";~~ and

8 143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby imposed
 9 upon the Missouri taxable income of corporations in an amount equal to five percent of Missouri
 10 taxable income.

11 2. For all tax years beginning on or after September 1, 1993, and ending on or before
 12 December 31, 2018, a tax is hereby imposed upon the Missouri taxable income of corporations in an
 13 amount equal to six and one-fourth percent of Missouri taxable income.

14 3. For all tax years beginning on or after January 1, 2019, a tax is hereby imposed upon the
 15 Missouri taxable income of corporations in an amount equal to five and one-half percent of
 16 Missouri taxable income.

17 4. The provisions of this section shall not apply to out-of-state businesses operating under
 18 sections 190.270 to 190.285.

19 5. (1) Beginning with the 2018 calendar year, the rate of tax under subsection 3 of this
 20 section may be reduced over a period of years. Each reduction in the rate of tax shall be by one-
 21 tenth of a percent and no more than one reduction shall occur in a calendar year. The rate of tax
 22 shall not be reduced below five percent. Reductions in the rate of tax shall take effect on January
 23 first of a calendar year and such reduced rates shall continue in effect until the next reduction
 24 occurs.

25 (2) A reduction in the rate of tax shall only occur if the amount of net general revenue
 26 collected in the previous fiscal year exceeds the highest amount of net general revenue collected in
 27 any of the three fiscal years prior to such fiscal year by at least one hundred fifty million dollars.

28 (3) Any modification of tax rates under this subsection shall only apply to tax years that
 29 begin on or after a modification takes effect.

30 143.151. For all [~~taxable~~] tax years beginning before January 1, 1999, a resident shall be
 31 allowed a deduction of one thousand two hundred dollars for himself or herself and one thousand
 32 two hundred dollars for his or her spouse if he or she is entitled to a deduction for such personal
 33 exemptions for federal income tax purposes. For all [~~taxable~~] tax years beginning on or after
 34 January 1, 1999, and ending before January 1, 2018, a resident shall be allowed a deduction of two
 35 thousand one hundred dollars for himself or herself and two thousand one hundred dollars for his or
 36 her spouse if he or she is entitled to a deduction for such personal exemptions for federal income tax
 37 purposes. For [~~all tax years beginning on or after January 1,~~] the 2017 tax year, a resident with a
 38 Missouri adjusted gross income of less than twenty thousand dollars shall be allowed an additional
 39 deduction of five hundred dollars for himself or herself and an additional five hundred dollars for
 40 his or her spouse if he or she is entitled to a deduction for such personal exemptions for federal
 41 income tax purposes and his or her spouse's Missouri adjusted gross income is less than twenty
 42 thousand dollars.

43 143.161. 1. For all [~~taxable~~] tax years beginning after December 31, 1997, and ending
 44 before January 1, 2018, a resident may deduct one thousand two hundred dollars for each dependent
 45 for whom such resident is entitled to a dependency exemption deduction for federal income tax
 46 purposes. In the case of a dependent who has attained sixty-five years of age on or before the last
 47 day of the [~~taxable~~] tax year, if such dependent resides in the taxpayer's home or the dependent's
 48 own home or if such dependent does not receive Medicaid or state funding while residing in a

1 facility licensed pursuant to chapter 198, the taxpayer may deduct an additional one thousand
2 dollars.

3 2. For all [~~taxable~~] tax years beginning on or after January 1, 1999, and ending before
4 January 1, 2018, a resident who qualifies as an unmarried head of household or as a surviving
5 spouse for federal income tax purposes may deduct an additional one thousand four hundred dollars.

6 3. For all [~~taxable~~] tax years beginning on or after January 1, 2015, and ending before
7 January 1, 2018, for each birth for which a certificate of birth resulting in stillbirth has been issued
8 under section 193.165, a taxpayer may claim the exemption under subsection 1 of this section only
9 in the taxable year in which the stillbirth occurred, if the child otherwise would have been a member
10 of the taxpayer's household."; and

11
12 Further amend said bill, Page 28, Section 1, Line 3, by inserting after all of said section and line the
13 following:

14
15 "~~[143.105. Notwithstanding the provisions of section 143.071, to the contrary, a tax is~~
16 ~~hereby imposed upon the Missouri taxable income of corporations in an amount equal to five~~
17 ~~percent of Missouri taxable income.]"; and~~

18
19 Further amend said bill by amending the title, enacting clause, and intersectional references
20 accordingly.