

House _____ Amendment NO. _____

Offered By _____

1 AMEND House Committee Substitute for Senate Substitute No. 2 for Senate Committee Substitute
2 for Senate Bill No. 96, Page 35, Section 143.071, Line 60, by inserting after all of said section and
3 line the following:
4

5 "143.121. 1. The Missouri adjusted gross income of a resident individual shall be the
6 taxpayer's federal adjusted gross income subject to the modifications in this section.

7 2. There shall be added to the taxpayer's federal adjusted gross income:

8 (1) The amount of any federal income tax refund received for a prior year which resulted in
9 a Missouri income tax benefit. The amount added pursuant to this subdivision shall not include any
10 amount of a federal income tax refund attributable to a tax credit reducing a taxpayer's federal tax
11 liability pursuant to Public Law 116-136 or 116-260, enacted by the 116th United States Congress,
12 for the tax year beginning on or after January 1, 2020, and ending on or before December 31, 2020,
13 and deducted from Missouri adjusted gross income pursuant to section 143.171. The amount added
14 under this subdivision shall also not include any amount of a federal income tax refund attributable
15 to a tax credit reducing a taxpayer's federal tax liability under any other federal law that provides
16 direct economic impact payments to taxpayers to mitigate financial challenges related to the
17 COVID-19 pandemic, and deducted from Missouri adjusted gross income under section 143.171;

18 (2) Interest on certain governmental obligations excluded from federal gross income by 26
19 U.S.C. Section 103 of the Internal Revenue Code, as amended. The previous sentence shall not
20 apply to interest on obligations of the state of Missouri or any of its political subdivisions or
21 authorities and shall not apply to the interest described in subdivision (1) of subsection 3 of this
22 section. The amount added pursuant to this subdivision shall be reduced by the amounts applicable
23 to such interest that would have been deductible in computing the taxable income of the taxpayer
24 except only for the application of 26 U.S.C. Section 265 of the Internal Revenue Code, as amended.
25 The reduction shall only be made if it is at least five hundred dollars;

26 (3) The amount of any deduction that is included in the computation of federal taxable
27 income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job
28 Creation and Worker Assistance Act of 2002 to the extent the amount deducted relates to property
29 purchased on or after July 1, 2002, but before July 1, 2003, and to the extent the amount deducted

Action Taken _____ Date _____

1 exceeds the amount that would have been deductible pursuant to 26 U.S.C. Section 168 of the
2 Internal Revenue Code of 1986 as in effect on January 1, 2002;

3 (4) The amount of any deduction that is included in the computation of federal taxable
4 income for net operating loss allowed by 26 U.S.C. Section 172 of the Internal Revenue Code of
5 1986, as amended, other than the deduction allowed by 26 U.S.C. Section 172(b)(1)(G) and 26
6 U.S.C. Section 172(i) of the Internal Revenue Code of 1986, as amended, for a net operating loss the
7 taxpayer claims in the tax year in which the net operating loss occurred or carries forward for a
8 period of more than twenty years and carries backward for more than two years. Any amount of net
9 operating loss taken against federal taxable income but disallowed for Missouri income tax purposes
10 pursuant to this subdivision after June 18, 2002, may be carried forward and taken against any
11 income on the Missouri income tax return for a period of not more than twenty years from the year
12 of the initial loss; and

13 (5) For nonresident individuals in all taxable years ending on or after December 31, 2006,
14 the amount of any property taxes paid to another state or a political subdivision of another state for
15 which a deduction was allowed on such nonresident's federal return in the taxable year unless such
16 state, political subdivision of a state, or the District of Columbia allows a subtraction from income
17 for property taxes paid to this state for purposes of calculating income for the income tax for such
18 state, political subdivision of a state, or the District of Columbia;

19 (6) For all tax years beginning on or after January 1, 2018, any interest expense paid or
20 accrued in a previous taxable year, but allowed as a deduction under 26 U.S.C. Section 163, as
21 amended, in the current taxable year by reason of the carryforward of disallowed business interest
22 provisions of 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest
23 expense is considered paid or accrued only in the first taxable year the deduction would have been
24 allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section
25 163(j), as amended, did not exist.

26 3. There shall be subtracted from the taxpayer's federal adjusted gross income the following
27 amounts to the extent included in federal adjusted gross income:

28 (1) Interest received on deposits held at a federal reserve bank or interest or dividends on
29 obligations of the United States and its territories and possessions or of any authority, commission or
30 instrumentality of the United States to the extent exempt from Missouri income taxes pursuant to the
31 laws of the United States. The amount subtracted pursuant to this subdivision shall be reduced by
32 any interest on indebtedness incurred to carry the described obligations or securities and by any
33 expenses incurred in the production of interest or dividend income described in this subdivision.
34 The reduction in the previous sentence shall only apply to the extent that such expenses including
35 amortizable bond premiums are deducted in determining the taxpayer's federal adjusted gross
36 income or included in the taxpayer's Missouri itemized deduction. The reduction shall only be made
37 if the expenses total at least five hundred dollars;

38 (2) The portion of any gain, from the sale or other disposition of property having a higher
39 adjusted basis to the taxpayer for Missouri income tax purposes than for federal income tax

1 purposes on December 31, 1972, that does not exceed such difference in basis. If a gain is
2 considered a long-term capital gain for federal income tax purposes, the modification shall be
3 limited to one-half of such portion of the gain;

4 (3) The amount necessary to prevent the taxation pursuant to this chapter of any annuity or
5 other amount of income or gain which was properly included in income or gain and was taxed
6 pursuant to the laws of Missouri for a taxable year prior to January 1, 1973, to the taxpayer, or to a
7 decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or
8 to a trust or estate from which the taxpayer received the income or gain;

9 (4) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the
10 extent that the same are included in federal adjusted gross income;

11 (5) The amount of any state income tax refund for a prior year which was included in the
12 federal adjusted gross income;

13 (6) The portion of capital gain specified in section 135.357 that would otherwise be included
14 in federal adjusted gross income;

15 (7) The amount that would have been deducted in the computation of federal taxable income
16 pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as in effect on January 1, 2002, to
17 the extent that amount relates to property purchased on or after July 1, 2002, but before July 1, 2003,
18 and to the extent that amount exceeds the amount actually deducted pursuant to 26 U.S.C. Section
19 168 of the Internal Revenue Code as amended by the Job Creation and Worker Assistance Act of
20 2002;

21 (8) For all tax years beginning on or after January 1, 2005, the amount of any income
22 received for military service while the taxpayer serves in a combat zone which is included in federal
23 adjusted gross income and not otherwise excluded therefrom. As used in this section, "combat
24 zone" means any area which the President of the United States by Executive Order designates as an
25 area in which Armed Forces of the United States are or have engaged in combat. Service is
26 performed in a combat zone only if performed on or after the date designated by the President by
27 Executive Order as the date of the commencing of combat activities in such zone, and on or before
28 the date designated by the President by Executive Order as the date of the termination of combatant
29 activities in such zone;

30 (9) For all tax years ending on or after July 1, 2002, with respect to qualified property that is
31 sold or otherwise disposed of during a taxable year by a taxpayer and for which an additional
32 modification was made under subdivision (3) of subsection 2 of this section, the amount by which
33 additional modification made under subdivision (3) of subsection 2 of this section on qualified
34 property has not been recovered through the additional subtractions provided in subdivision (7) of
35 this subsection;

36 (10) For all tax years beginning on or after January 1, 2014, the amount of any income
37 received as payment from any program which provides compensation to agricultural producers who
38 have suffered a loss as the result of a disaster or emergency, including the:

39 (a) Livestock Forage Disaster Program;

- (b) Livestock Indemnity Program;
- (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;
- (d) Emergency Conservation Program;
- (e) Noninsured Crop Disaster Assistance Program;
- (f) Pasture, Rangeland, Forage Pilot Insurance Program;
- (g) Annual Forage Pilot Program;
- (h) Livestock Risk Protection Insurance Plan;
- (i) Livestock Gross Margin Insurance Plan;

(11) For all tax years beginning on or after January 1, 2018, any interest expense paid or accrued in the current taxable year, but not deducted as a result of the limitation imposed under 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section 163(j), as amended, did not exist; ~~and~~

(12) One hundred percent of any retirement benefits received by any taxpayer as a result of the taxpayer's service in the Armed Forces of the United States, including reserve components and the National Guard of this state, as defined in 32 U.S.C. Sections 101(3) and 109, and any other military force organized under the laws of this state; and

(13) For all tax years ending on or after December 31, 2022, the amount of any federal, state, or local grant received by the taxpayer, and the amount of any discharged federal, state, or local indebtedness incurred by the taxpayer, for purposes of providing or expanding access to broadband services in this state.

4. There shall be added to or subtracted from the taxpayer's federal adjusted gross income the taxpayer's share of the Missouri fiduciary adjustment provided in section 143.351.

5. There shall be added to or subtracted from the taxpayer's federal adjusted gross income the modifications provided in section 143.411.

6. In addition to the modifications to a taxpayer's federal adjusted gross income in this section, to calculate Missouri adjusted gross income there shall be subtracted from the taxpayer's federal adjusted gross income any gain recognized pursuant to 26 U.S.C. Section 1033 of the Internal Revenue Code of 1986, as amended, arising from compulsory or involuntary conversion of property as a result of condemnation or the imminence thereof.

7. (1) As used in this subsection, "qualified health insurance premium" means the amount paid during the tax year by such taxpayer for any insurance policy primarily providing health care coverage for the taxpayer, the taxpayer's spouse, or the taxpayer's dependents.

(2) In addition to the subtractions in subsection 3 of this section, one hundred percent of the amount of qualified health insurance premiums shall be subtracted from the taxpayer's federal adjusted gross income to the extent the amount paid for such premiums is included in federal taxable income. The taxpayer shall provide the department of revenue with proof of the amount of qualified health insurance premiums paid.

1 8. (1) Beginning January 1, 2014, in addition to the subtractions provided in this section,
2 one hundred percent of the cost incurred by a taxpayer for a home energy audit conducted by an
3 entity certified by the department of natural resources under section 640.153 or the implementation
4 of any energy efficiency recommendations made in such an audit shall be subtracted from the
5 taxpayer's federal adjusted gross income to the extent the amount paid for any such activity is
6 included in federal taxable income. The taxpayer shall provide the department of revenue with a
7 summary of any recommendations made in a qualified home energy audit, the name and
8 certification number of the qualified home energy auditor who conducted the audit, and proof of the
9 amount paid for any activities under this subsection for which a deduction is claimed. The taxpayer
10 shall also provide a copy of the summary of any recommendations made in a qualified home energy
11 audit to the department of natural resources.

12 (2) At no time shall a deduction claimed under this subsection by an individual taxpayer or
13 taxpayers filing combined returns exceed one thousand dollars per year for individual taxpayers or
14 cumulatively exceed two thousand dollars per year for taxpayers filing combined returns.

15 (3) Any deduction claimed under this subsection shall be claimed for the tax year in which
16 the qualified home energy audit was conducted or in which the implementation of the energy
17 efficiency recommendations occurred. If implementation of the energy efficiency recommendations
18 occurred during more than one year, the deduction may be claimed in more than one year, subject to
19 the limitations provided under subdivision (2) of this subsection.

20 (4) A deduction shall not be claimed for any otherwise eligible activity under this subsection
21 if such activity qualified for and received any rebate or other incentive through a state-sponsored
22 energy program or through an electric corporation, gas corporation, electric cooperative, or
23 municipally owned utility.

24 9. The provisions of subsection 8 of this section shall expire on December 31, 2020."; and
25
26 Further amend said bill by amending the title, enacting clause, and intersectional references
27 accordingly.