

FIRST REGULAR SESSION

# HOUSE BILL NO. 512

102ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE MAYHEW.

0901H.011

DANA RADEMAN MILLER, Chief Clerk

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## AN ACT

To repeal section 143.114, RSMo, and to enact in lieu thereof one new section relating to tax deductions for certain securities.

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

Section A. Section 143.114, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.114, to read as follows: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", 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 **of 1986, as amended**;
- (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 **of 1986, as amended**, and trust that is 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 income tax imposed under chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265.

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           2. For all tax years beginning on or after January 1, [2017] **2023**, in addition to all  
19 other modifications allowed by law, a taxpayer shall be allowed a deduction from the  
20 taxpayer's federal adjusted gross income when determining Missouri adjusted gross income in  
21 an amount equal to fifty percent of the net capital gain from the sale or exchange of employer  
22 securities of a Missouri corporation to a qualified Missouri employee stock ownership plan if,  
23 upon completion of the transaction, the qualified Missouri employee stock ownership plan  
24 owns at least thirty percent of all outstanding employer securities issued by the Missouri  
25 corporation.

26           3. Whenever an employee leaves a Missouri corporation with a qualified Missouri  
27 employee stock ownership plan, the Missouri corporation shall inform the former employee  
28 of the deadline for when the former employee shall decide whether they will receive their  
29 shares of employer securities or compensation for their shares of employer securities.

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

39           ~~[5. 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 October 14, 2016, unless~~  
42 ~~reauthorized by an act of the general assembly;~~

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