

House _____ Amendment NO. _____

Offered By

1 AMEND House Committee Substitute for Senate Substitute for Senate Bill No. 67, Page 4, Section
2 32.115, Line 121, by inserting after all of said section and line the following:

3
4 "135.010. As used in sections 135.010 to 135.030 the following words and terms mean:

5 (1) "Claimant", a person or persons claiming a credit under sections 135.010 to 135.030. If
6 the persons are eligible to file a joint federal income tax return and reside at the same address at any
7 time during the taxable year, then the credit may only be allowed if claimed on a combined Missouri
8 income tax return or a combined claim return reporting their combined incomes and property taxes.
9 A claimant shall not be allowed a property tax credit unless the claimant or spouse has attained the
10 age of sixty-five on or before the last day of the calendar year and the claimant or spouse was a
11 resident of Missouri for the entire year, or the claimant or spouse is a veteran of any branch of the
12 Armed Forces of the United States or this state who became one hundred percent disabled as a result
13 of such service, or the claimant or spouse is disabled as defined in subdivision (2) of this section,
14 and such claimant or spouse provides proof of such disability in such form and manner, and at such
15 times, as the director of revenue may require, or if the claimant has reached the age of sixty on or
16 before the last day of the calendar year and such claimant received surviving spouse Social Security
17 benefits during the calendar year and the claimant provides proof, as required by the director of
18 revenue, that the claimant received surviving spouse Social Security benefits during the calendar
19 year for which the credit will be claimed. A claimant shall not be allowed a property tax credit if
20 the claimant filed a valid claim for a credit under section 137.106 in the year following the year for
21 which the property tax credit is claimed. The residency requirement shall be deemed to have been
22 fulfilled for the purpose of determining the eligibility of a surviving spouse for a property tax credit
23 if a person of the age of sixty-five years or older who would have otherwise met the requirements
24 for a property tax credit dies before the last day of the calendar year. The residency requirement
25 shall also be deemed to have been fulfilled for the purpose of determining the eligibility of a
26 claimant who would have otherwise met the requirements for a property tax credit but who dies
27 before the last day of the calendar year;

28 (2) "Disabled", the inability to engage in any substantial gainful activity by reason of any
29 medically determinable physical or mental impairment which can be expected to result in death or
30 which has lasted or can be expected to last for a continuous period of not less than twelve months.

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1 A claimant shall not be required to be gainfully employed prior to such disability to qualify for a
2 property tax credit;

3 (3) "Gross rent", amount paid by a claimant to a landlord for the rental, at arm's length, of a
4 homestead during the calendar year, exclusive of charges for health and personal care services and
5 food furnished as part of the rental agreement, whether or not expressly set out in the rental
6 agreement. If the director of revenue determines that the landlord and tenant have not dealt at arm's
7 length, and that the gross rent is excessive, then he shall determine the gross rent based upon a
8 reasonable amount of rent. Gross rent shall be deemed to be paid only if actually paid prior to the
9 date a return is filed. The director of revenue may prescribe regulations requiring a return of
10 information by a landlord receiving rent, certifying for a calendar year the amount of gross rent
11 received from a tenant claiming a property tax credit and shall, by regulation, provide a method for
12 certification by the claimant of the amount of gross rent paid for any calendar year for which a claim
13 is made. The regulations authorized by this subdivision may require a landlord or a tenant or both to
14 provide data relating to health and personal care services and to food. Neither a landlord nor a
15 tenant may be required to provide data relating to utilities, furniture, home furnishings or
16 appliances;

17 (4) "Homestead", the dwelling in Missouri owned or rented by the claimant and not to
18 exceed five acres of land surrounding it as is reasonably necessary for use of the dwelling as a
19 home. It may consist of part of a multidwelling or multipurpose building and part of the land upon
20 which it is built. "Owned" includes a vendee in possession under a land contract and one or more
21 tenants by the entireties, joint tenants, or tenants in common and includes a claimant actually in
22 possession if he was the immediate former owner of record, if a lineal descendant is presently the
23 owner of record, and if the claimant actually pays all taxes upon the property. It may include a
24 mobile home;

25 (5) "Income", Missouri adjusted gross income as defined in section 143.121 less two
26 thousand dollars for all calendar years ending on or before December 31, 2025, or in the case of a
27 homestead owned and occupied, for the entire year, by the claimant, less four thousand dollars as an
28 exemption for the claimant's spouse residing at the same address[;] for all calendar years ending on
29 or before December 31, 2025, or for all calendar years beginning on or after January 1, 2026, less
30 two thousand eight hundred dollars, or in the case of a homestead owned and occupied, for the
31 entire year, by the claimant, less five thousand eight hundred dollars, as an exemption for the
32 claimant's spouse residing at the same address; and increased, where necessary, to reflect the
33 following:

34 (a) Social Security, railroad retirement, and veterans payments and benefits unless the
35 claimant is a one hundred percent service-connected, disabled veteran or a spouse of a one hundred
36 percent service-connected, disabled veteran. The one hundred percent service-connected disabled
37 veteran shall not be required to list veterans payments and benefits;

38 (b) The total amount of all other public and private pensions and annuities;

1 (c) Public relief, public assistance, and unemployment benefits received in cash, other than
2 benefits received under this chapter;

3 (d) No deduction being allowed for losses not incurred in a trade or business;

4 (e) Interest on the obligations of the United States, any state, or any of their subdivisions
5 and instrumentalities;

6 (6) "Property taxes accrued", property taxes paid, exclusive of special assessments,
7 penalties, interest, and charges for service levied on a claimant's homestead in any calendar year.
8 Property taxes shall qualify for the credit only if actually paid prior to the date a return is filed. The
9 director of revenue shall require a tax receipt or other proof of property tax payment. If a homestead
10 is owned only partially by claimant, then "property taxes accrued" is that part of property taxes
11 levied on the homestead which was actually paid by the claimant. For purposes of this subdivision,
12 property taxes are "levied" when the tax roll is delivered to the director of revenue for collection. If
13 a claimant owns a homestead part of the preceding calendar year and rents it or a different
14 homestead for part of the same year, "property taxes accrued" means only taxes levied on the
15 homestead both owned and occupied by the claimant, multiplied by the percentage of twelve months
16 that such property was owned and occupied as the homestead of the claimant during the year. When
17 a claimant owns and occupies two or more different homesteads in the same calendar year, property
18 taxes accrued shall be the sum of taxes allocable to those several properties occupied by the
19 claimant as a homestead for the year. If a homestead is an integral part of a larger unit such as a
20 farm, or multipurpose or multidwelling building, property taxes accrued shall be that percentage of
21 the total property taxes accrued as the value of the homestead is of the total value. For purposes of
22 this subdivision "unit" refers to the parcel of property covered by a single tax statement of which the
23 homestead is a part;

24 (7) "Rent constituting property taxes accrued", twenty percent of the gross rent paid by a
25 claimant and spouse in the calendar year.

26 135.025. The property taxes accrued and rent constituting property taxes accrued on each
27 return shall be totaled. This total, up to seven hundred fifty dollars in rent constituting property
28 taxes actually paid or eleven hundred dollars in actual property tax paid, shall be used in
29 determining the property tax credit for all calendar years ending on or before December 31, 2025.
30 For all calendar years beginning on or after January 1, 2026, this total, up to one thousand fifty-five
31 dollars in rent constituting property taxes actually paid or one thousand five hundred fifty dollars in
32 actual property tax paid, shall be used in determining the property tax credit. The director of
33 revenue shall prescribe regulations providing for allocations where part of a claimant's homestead is
34 rented to another or used for nondwelling purposes or where a homestead is owned or rented or used
35 as a dwelling for part of a year.

36 135.030. 1. As used in this section:

37 (1) The term "maximum upper limit" shall, for each calendar year after December 31, 1997,
38 but before calendar year 2008, be the sum of twenty-five thousand dollars. For all calendar years
39 beginning on or after January 1, 2008, but ending on or before December 31, 2025, the maximum

upper limit shall be the sum of twenty-seven thousand five hundred dollars. In the case of a homestead owned and occupied for the entire year by the claimant, for all calendar years ending on or before December 31, 2025, the maximum upper limit shall be the sum of thirty thousand dollars. For all calendar years beginning on or after January 1, 2026, the maximum upper limit shall be the sum of:

- (a) Thirty-eight thousand two hundred dollars for claimants with a filing status of single;
- (b) Forty-two thousand two hundred dollars for claimants with a filing status of single and who owned and occupied a homestead for the entire year;
- (c) Forty-one thousand dollars for claimants with a filing status of married filing combined;
- and
- (d) Forty-eight thousand dollars for claimants with a filing status of married filing combined and who owned and occupied a homestead for the entire year.

(2) The term "minimum base" shall, for each calendar year after December 31, 1997, but before calendar year 2008, be the sum of thirteen thousand dollars. For all calendar years beginning on or after January 1, 2008, the minimum base shall be the sum of fourteen thousand three hundred dollars.

2. (1) If the income on a return is equal to or less than the maximum upper limit for the calendar year for which the return is filed, the property tax credit shall be determined from a table of credits based upon the amount by which the total property tax described in section 135.025 exceeds the percent of income in the following list:

If the income on the return is:	The percent is:
Not over the minimum base	0 percent with credit not to exceed \$1,100 in actual property tax or rent equivalent paid up to \$750
Over the minimum base but not over the maximum upper limit	1/16 percent accumulative per \$300 from 0 percent to 4 percent.

(2) The director of revenue shall prescribe a table based upon ~~[the preceding sentences]~~ subdivision (1) of this subsection. The property tax shall be in increments of twenty-five dollars and the income in increments of three hundred dollars. The credit shall be the amount rounded to the nearest whole dollar computed on the basis of the property tax and income at the midpoints of each increment. As used in this subsection, the term "accumulative" means an increase by continuous or repeated application of the percent to the income increment at each three hundred dollar level.

3. (1) For all calendar years beginning on or after January 1, 2026, if the income on a return is equal to or less than the maximum upper limit for the calendar year for which the return is filed, the property tax credit shall be determined from a table of credits based upon the amount by which the total property tax described in section 135.025 exceeds the percent of income in the following list:

<u>If the income on the return is:</u>	<u>The percent is:</u>
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<u>Not over the minimum base</u>	<u>0 percent with credit not to exceed \$1,550 in actual property tax or rent equivalent paid up to \$1,055.</u>
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<u>Over the minimum base but not over the maximum upper limit</u>	<u>1/16 percent accumulative per \$495, from 0 percent to 2 percent.</u>
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(2) The director of revenue shall prescribe a table based upon subdivision (1) of this subsection. The property tax shall be in increments of twenty-five dollars and the income in increments of four hundred ninety-five dollars. The credit shall be the amount rounded to the nearest whole dollar computed on the basis of the property tax and income at the midpoints of each increment. As used in this subsection, the term "accumulative" means an increase by continuous or repeated application of the percent to the income increment at each four hundred ninety-five dollar level.

4. Notwithstanding subsection 4 of section 32.057, the department of revenue or any duly authorized employee or agent shall determine whether any taxpayer filing a report or return with the department of revenue who has not applied for the credit allowed pursuant to section 135.020 may qualify for the credit, and shall notify any qualified claimant of the claimant's potential eligibility, where the department determines such potential eligibility exists."; and

Further amend said bill, Pages 4-11, Section 143.121, Lines 1-248, by deleting all of said section and lines and inserting in lieu thereof following:

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

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

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

(2) Interest on certain governmental obligations excluded from federal gross income by 26 U.S.C. Section 103 of the Internal Revenue Code, as amended. The previous sentence shall not apply to interest on obligations of the state of Missouri or any of its political subdivisions or authorities and shall not apply to the interest described in subdivision (1) of subsection 3 of this section. The amount added pursuant to this subdivision shall be reduced by the amounts applicable

1 to such interest that would have been deductible in computing the taxable income of the taxpayer
2 except only for the application of 26 U.S.C. Section 265 of the Internal Revenue Code, as amended.
3 The reduction shall only be made if it is at least five hundred dollars;

4 (3) The amount of any deduction that is included in the computation of federal taxable
5 income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job
6 Creation and Worker Assistance Act of 2002 to the extent the amount deducted relates to property
7 purchased on or after July 1, 2002, but before July 1, 2003, and to the extent the amount deducted
8 exceeds the amount that would have been deductible pursuant to 26 U.S.C. Section 168 of the
9 Internal Revenue Code of 1986 as in effect on January 1, 2002;

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

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

26 (6) For all tax years beginning on or after January 1, 2018, any interest expense paid or
27 accrued in a previous taxable year, but allowed as a deduction under 26 U.S.C. Section 163, as
28 amended, in the current taxable year by reason of the carryforward of disallowed business interest
29 provisions of 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest
30 expense is considered paid or accrued only in the first taxable year the deduction would have been
31 allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section
32 163(j), as amended, did not exist.

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

35 (1) Interest received on deposits held at a federal reserve bank or interest or dividends on
36 obligations of the United States and its territories and possessions or of any authority, commission or
37 instrumentality of the United States to the extent exempt from Missouri income taxes pursuant to the
38 laws of the United States. The amount subtracted pursuant to this subdivision shall be reduced by
39 any interest on indebtedness incurred to carry the described obligations or securities and by any

1 expenses incurred in the production of interest or dividend income described in this subdivision.
2 The reduction in the previous sentence shall only apply to the extent that such expenses including
3 amortizable bond premiums are deducted in determining the taxpayer's federal adjusted gross
4 income or included in the taxpayer's Missouri itemized deduction. The reduction shall only be made
5 if the expenses total at least five hundred dollars;

6 (2) The portion of any gain, from the sale or other disposition of property having a higher
7 adjusted basis to the taxpayer for Missouri income tax purposes than for federal income tax
8 purposes on December 31, 1972, that does not exceed such difference in basis. If a gain is
9 considered a long-term capital gain for federal income tax purposes, the modification shall be
10 limited to one-half of such portion of the gain;

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

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

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

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

22 (7) The amount that would have been deducted in the computation of federal taxable income
23 pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as in effect on January 1, 2002, to
24 the extent that amount relates to property purchased on or after July 1, 2002, but before July 1, 2003,
25 and to the extent that amount exceeds the amount actually deducted pursuant to 26 U.S.C. Section
26 168 of the Internal Revenue Code as amended by the Job Creation and Worker Assistance Act of
27 2002;

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

37 (9) For all tax years ending on or after July 1, 2002, with respect to qualified property that is
38 sold or otherwise disposed of during a taxable year by a taxpayer and for which an additional
39 modification was made under subdivision (3) of subsection 2 of this section, the amount by which

1 additional modification made under subdivision (3) of subsection 2 of this section on qualified
 2 property has not been recovered through the additional subtractions provided in subdivision (7) of
 3 this subsection;

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

- 7 (a) Livestock Forage Disaster Program;
- 8 (b) Livestock Indemnity Program;
- 9 (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;
- 10 (d) Emergency Conservation Program;
- 11 (e) Noninsured Crop Disaster Assistance Program;
- 12 (f) Pasture, Rangeland, Forage Pilot Insurance Program;
- 13 (g) Annual Forage Pilot Program;
- 14 (h) Livestock Risk Protection Insurance Plan;
- 15 (i) Livestock Gross Margin Insurance Plan;

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

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

26 (13) For all tax years beginning on or after January 1, 2022, one hundred percent of any
 27 federal, state, or local grant moneys received by the taxpayer if the grant money was disbursed for
 28 the express purpose of providing or expanding access to broadband internet to areas of the state
 29 deemed to be lacking such access; and

30 (14) (a) For all tax years beginning on or after January 1, 2025, one hundred percent of all
 31 income reported as a capital gain for federal income tax purposes by an individual subject to tax
 32 pursuant to section 143.011; and

33 (b) For all tax years beginning on or after January first of the tax year following the tax year
 34 in which the top rate of tax imposed pursuant to section 143.011 is equal to or less than four and
 35 one-half percent, one hundred percent of all income reported as a capital gain for federal income tax
 36 purposes by an entity subject to tax pursuant to section 143.071.

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

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

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

8 7. (1) As used in this subsection, "qualified health insurance premium" means the amount
9 paid during the tax year by such taxpayer for any insurance policy primarily providing health care
10 coverage for the taxpayer, the taxpayer's spouse, or the taxpayer's dependents.

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

16 8. (1) Beginning January 1, 2014, in addition to the subtractions provided in this section,
17 one hundred percent of the cost incurred by a taxpayer for a home energy audit conducted by an
18 entity certified by the department of natural resources under section 640.153 or the implementation
19 of any energy efficiency recommendations made in such an audit shall be subtracted from the
20 taxpayer's federal adjusted gross income to the extent the amount paid for any such activity is
21 included in federal taxable income. The taxpayer shall provide the department of revenue with a
22 summary of any recommendations made in a qualified home energy audit, the name and
23 certification number of the qualified home energy auditor who conducted the audit, and proof of the
24 amount paid for any activities under this subsection for which a deduction is claimed. The taxpayer
25 shall also provide a copy of the summary of any recommendations made in a qualified home energy
26 audit to the department of natural resources.

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

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

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

39 9. The provisions of subsection 8 of this section shall expire on December 31, 2020.

10. (1) As used in this subsection, the following terms mean:

(a) "Beginning farmer", a taxpayer who:

a. Has filed at least one but not more than ten Internal Revenue Service Schedule F (Form 1040) Profit or Loss From Farming forms since turning eighteen years of age;

b. Is approved for a beginning farmer loan through the USDA Farm Service Agency Beginning Farmer direct or guaranteed loan program;

c. Has a farming operation that is determined by the department of agriculture to be new production agriculture but is the principal operator of a farm and has substantial farming knowledge; or

d. Has been determined by the department of agriculture to be a qualified family member;

(b) "Farm owner", ~~[an individual]~~ a taxpayer who owns farmland and disposes of or relinquishes use of all or some portion of such farmland as follows:

a. A sale to a beginning farmer;

b. A lease or rental agreement not exceeding ten years with a beginning farmer; or

c. A crop-share arrangement not exceeding ten years with a beginning farmer;

(c) "Qualified family member", an individual who is related to a farm owner within the fourth degree by blood, marriage, or adoption and who is purchasing or leasing or is in a crop-share arrangement for land from all or a portion of such farm owner's farming operation.

(d) "Taxpayer", any 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 this chapter, excluding withholding tax imposed under sections 143.191 to 143.265.

(2) (a) In addition to all other subtractions authorized in this section, a taxpayer who is a farm owner who sells all or a portion of such farmland to a beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an amount to the extent included in federal adjusted gross income as provided in this subdivision.

(b) Subject to the limitations in paragraph (c) of this subdivision, the amount that may be subtracted shall be equal to the portion of capital gains received from the sale of such farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such capital gain.

(c) A taxpayer may subtract the following amounts and percentages per tax year in total capital gains received from the sale of such farmland under this subdivision:

a. For the first two million dollars received, one hundred percent;

b. For the next one million dollars received, eighty percent;

c. For the next one million dollars received, sixty percent;

d. For the next one million dollars received, forty percent; and

e. For the next one million dollars received, twenty percent.

(d) The department of revenue shall prepare an annual report reviewing the costs and benefits and containing statistical information regarding the subtraction of capital gains authorized under this subdivision for the previous tax year including, but not limited to, the total amount of all capital gains subtracted and the number of taxpayers subtracting such capital gains. Such report

1 shall be submitted before February first of each year to the committee on agriculture policy of the
2 Missouri house of representatives and the committee on agriculture, food production and outdoor
3 resources of the Missouri senate, or the successor committees.

4 (3) (a) In addition to all other subtractions authorized in this section, a taxpayer who is a
5 farm owner who enters a lease or rental agreement for all or a portion of such farmland with a
6 beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an amount to
7 the extent included in federal adjusted gross income as provided in this subdivision.

8 (b) Subject to the limitation in paragraph (c) of this subdivision, the amount that may be
9 subtracted shall be equal to the portion of cash rent income received from the lease or rental of such
10 farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such income.

11 (c) No taxpayer shall subtract more than twenty-five thousand dollars per tax year in total
12 cash rent income received from the lease or rental of such farmland under this subdivision.

13 (4) (a) In addition to all other subtractions authorized in this section, a taxpayer who is a
14 farm owner who enters a crop-share arrangement on all or a portion of such farmland with a
15 beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an amount to
16 the extent included in federal adjusted gross income as provided in this subdivision.

17 (b) Subject to the limitation in paragraph (c) of this subdivision, the amount that may be
18 subtracted shall be equal to the portion of income received from the crop-share arrangement on such
19 farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such income.

20 (c) No taxpayer shall subtract more than twenty-five thousand dollars per tax year in total
21 income received from the lease or rental of such farmland under this subdivision.

22 (5) The department of agriculture shall, by rule, establish a process to verify that a taxpayer
23 is a beginning farmer for purposes of this section and shall provide verification to the beginning
24 farmer and farm seller of such farmer's and seller's certification and qualification for the exemption
25 provided in this subsection."; and

26
27 Further amend said bill by amending the title, enacting clause, and intersectional references
28 accordingly.