

House \_\_\_\_\_ Amendment NO. \_\_\_\_\_

Offered By \_\_\_\_\_

1 AMEND House Committee Substitute for House Bill No. 798, Page 2, Section 143.011, Lines 44-  
2 48, deleting all of said lines and inserting in lieu thereof the following:

3  
4 "4. (1) In addition to the rate [~~reduction~~] established under [~~subsection~~] subsections 2 and 3  
5 of this section, beginning with the [~~2024~~] 2026 calendar year, the [~~top~~] rate of tax under subsection  
6 [~~4~~] 3 of this section may be reduced by [~~fifteen hundredths~~] one tenth of a percent. No more than  
7 ten reductions shall be made under this subsection. A reduction in the rate of tax shall take effect on  
8 January first of a calendar year and such reduced rates shall continue in effect until the next  
9 reduction occurs."; and

10  
11 Further amend said bill, Page 4, Section 143.031, Line 14, by inserting after all of said section and  
12 line the following:

13  
14 "143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby imposed  
15 upon the Missouri taxable income of corporations in an amount equal to five percent of Missouri  
16 taxable income.

17 2. For all tax years beginning on or after September 1, 1993, and ending on or before  
18 December 31, 2019, a tax is hereby imposed upon the Missouri taxable income of corporations in an  
19 amount equal to six and one-fourth percent of Missouri taxable income.

20 3. For all tax years beginning on or after January 1, 2020, a tax is hereby imposed upon the  
21 Missouri taxable income of corporations in an amount equal to four percent of Missouri taxable  
22 income.

23 4. For all tax years beginning on or after January 1, 2026, a tax is hereby imposed upon the  
24 Missouri taxable income of corporations in an amount equal to three and three-fourths percent of  
25 Missouri taxable income.

26 5. The provisions of this section shall not apply to out-of-state businesses operating under  
27 sections 190.270 to 190.285.

28 143.121. 1. The Missouri adjusted gross income of a resident individual shall be the  
29 taxpayer's federal adjusted gross income subject to the modifications in this section.

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

31 (1) The amount of any federal income tax refund received for a prior year which resulted in  
32 a Missouri income tax benefit. The amount added pursuant to this subdivision shall not include any  
33 amount of a federal income tax refund attributable to a tax credit reducing a taxpayer's federal tax

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

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

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

22 (4) The amount of any deduction that is included in the computation of federal taxable  
23 income for net operating loss allowed by 26 U.S.C. Section 172 of the Internal Revenue Code of  
24 1986, as amended, other than the deduction allowed by 26 U.S.C. Section 172(b)(1)(G) and 26  
25 U.S.C. Section 172(i) of the Internal Revenue Code of 1986, as amended, for a net operating loss the  
26 taxpayer claims in the tax year in which the net operating loss occurred or carries forward for a  
27 period of more than twenty years and carries backward for more than two years. Any amount of net  
28 operating loss taken against federal taxable income but disallowed for Missouri income tax purposes  
29 pursuant to this subdivision after June 18, 2002, may be carried forward and taken against any  
30 income on the Missouri income tax return for a period of not more than twenty years from the year  
31 of the initial loss; and

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

38 (6) For all tax years beginning on or after January 1, 2018, any interest expense paid or  
39 accrued in a previous taxable year, but allowed as a deduction under 26 U.S.C. Section 163, as

1 amended, in the current taxable year by reason of the carryforward of disallowed business interest  
2 provisions of 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest  
3 expense is considered paid or accrued only in the first taxable year the deduction would have been  
4 allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section  
5 163(j), as amended, did not exist.

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

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

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

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

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

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

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

34 (7) The amount that would have been deducted in the computation of federal taxable income  
35 pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as in effect on January 1, 2002, to  
36 the extent that amount relates to property purchased on or after July 1, 2002, but before July 1, 2003,  
37 and to the extent that amount exceeds the amount actually deducted pursuant to 26 U.S.C. Section  
38 168 of the Internal Revenue Code as amended by the Job Creation and Worker Assistance Act of  
39 2002;

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

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

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

- 19 (a) Livestock Forage Disaster Program;
- 20 (b) Livestock Indemnity Program;
- 21 (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;
- 22 (d) Emergency Conservation Program;
- 23 (e) Noninsured Crop Disaster Assistance Program;
- 24 (f) Pasture, Rangeland, Forage Pilot Insurance Program;
- 25 (g) Annual Forage Pilot Program;
- 26 (h) Livestock Risk Protection Insurance Plan;
- 27 (i) Livestock Gross Margin Insurance Plan;

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

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

38 (13) For all tax years beginning on or after January 1, 2022, one hundred percent of any  
39 federal, state, or local grant moneys received by the taxpayer if the grant money was disbursed for

1 the express purpose of providing or expanding access to broadband internet to areas of the state  
2 deemed to be lacking such access; and

3 (14) For all tax years beginning on or after January 1, 2025, one hundred percent of all  
4 income reported as a capital gain for federal income tax purposes.

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

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

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

14 7. (1) As used in this subsection, "qualified health insurance premium" means the amount  
15 paid during the tax year by such taxpayer for any insurance policy primarily providing health care  
16 coverage for the taxpayer, the taxpayer's spouse, or the taxpayer's dependents.

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

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

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

36 (3) Any deduction claimed under this subsection shall be claimed for the tax year in which  
37 the qualified home energy audit was conducted or in which the implementation of the energy  
38 efficiency recommendations occurred. If implementation of the energy efficiency recommendations

1 occurred during more than one year, the deduction may be claimed in more than one year, subject to  
 2 the limitations provided under subdivision (2) of this subsection.

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

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

8 10. (1) As used in this subsection, the following terms mean:

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

10 a. Has filed at least one but not more than ten Internal Revenue Service Schedule F (Form  
 11 1040) Profit or Loss From Farming forms since turning eighteen years of age;

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

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

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

18 (b) "Farm owner", an individual who owns farmland and disposes of or relinquishes use of  
 19 all or some portion of such farmland as follows:

20 a. A sale to a beginning farmer;

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

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

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

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

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

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

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

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

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

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

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

(3) (a) In addition to all other subtractions authorized in this section, a taxpayer who is a farm owner who enters a lease or rental agreement for all or a portion of such farmland with 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 limitation in paragraph (c) of this subdivision, the amount that may be subtracted shall be equal to the portion of cash rent income received from the lease or rental of such farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such income.

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

(4) (a) In addition to all other subtractions authorized in this section, a taxpayer who is a farm owner who enters a crop-share arrangement on all or a portion of such farmland with 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 limitation in paragraph (c) of this subdivision, the amount that may be subtracted shall be equal to the portion of income received from the crop-share arrangement on such farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such income.

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

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

Further amend said bill and page, Section 143.131, Line 8, by inserting after all of said section and line the following:

"143.512. In the event a taxpayer is denied part or all of a tax credit to which the taxpayer has qualified pursuant to any provision of law due to lack of available funds, and such denial causes a balance-due notice to be generated by the department of revenue or any other redeeming agency, a taxpayer shall not be held liable for any penalty or interest on such balance due, provided the balance is paid or approved payment arrangements have been made within sixty days from the notice of denial. Any payments not timely made pursuant to this section shall be subject to penalty and interest pursuant to this chapter."; and

- 1
- 2 Further amend said bill by amending the title, enacting clause, and intersectional references
- 3 accordingly.