

FIRST REGULAR SESSION

HOUSE BILL NO. 115

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MURPHY.

0469H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 92.130, RSMo, and to enact in lieu thereof one new section relating to income exempt from earnings tax.

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

Section A. Section 92.130, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 92.130, to read as follows:

- 92.130. 1. The income received by any
- (1) Labor, agricultural or horticultural organizations;
 - (2) Mutual savings bank not having a capital stock represented by shares;
 - (3) Fraternal-beneficiary society, order or association, operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident or other benefits to the members of such society, order, or association or their dependents;
 - (4) Domestic building and loan associations and credit unions without capital stock organized and operated for mutual purposes and without profit;
 - (5) Cemetery company owned and operated exclusively for the benefit of its members, unless said cemetery is operated for profit;
 - (6) Corporation or association organized and operated exclusively for religious, charitable, scientific or educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual;
 - (7) Business league, chamber of commerce or board of trade not organized for profit and no part of the net income of which inures to the benefit of any private stockholder or individual;

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 (8) Civic league or organization not organized for profit but operated exclusively for
19 the promotion of social welfare;

20 (9) Club organized and operated exclusively for pleasure, recreation and other
21 non-profitable purposes, no part of the net income of which inures to the benefit of any private
22 stockholder or member;

23 (10) Farmers or other mutual hail, cyclone or fire insurance company, mutual ditch or
24 irrigation company, mutual or cooperative telephone company, or like organization, the
25 income of which consists solely of assessments, dues and fees collected from members for the
26 sole purpose of meeting its expenses;

27 (11) Farmers, fruit growers or like association, organized and operated as a sales
28 agent for the purpose of marketing the products of its members and turning back to them the
29 proceeds of sales, less the necessary selling expenses, on the basis of the quantity of produce
30 furnished by them;

31 (12) Corporation or association organized for the exclusive purpose of holding title to
32 property, collecting income therefrom, and turning over the entire amount thereof, less
33 expenses, to an organization which itself is exempt from the tax imposed by chapter 143;

34 (13) Federal land banks and national farm loan associations, as provided in section 26
35 of an act of Congress approved July 17, 1916, entitled "An act to provide capital for
36 agricultural development, to create standard forms of investment based upon farm mortgage,
37 to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to
38 create government depositaries and financial agents for the United States, and for other
39 purposes";

40 (14) Joint stock land banks as to income derived from bonds or debentures or other
41 joint stock land banks or any federal land bank belonging to such joint stock land bank;

42 (15) Express companies which now pay an annual tax on their gross receipts in this
43 state and insurance companies which pay an annual tax on their gross premium receipts in this
44 state;

45 (16) Trusts created by an employer and employees as part of a stock bonus, pension
46 or profit-sharing plan, for the exclusive benefit of employees, to which contributions are
47 made by such employer or employees, or both, for the purpose of distributing to such
48 employees the earnings and principal of the fund accumulated by the trust in accordance with
49 such plan, or a trust consisting solely of one or more restricted retirement funds created for
50 one or more self-employed persons as part of a retirement plan for the exclusive benefit of
51 such self-employed person or persons, to which contributions are made by such self-
52 employed person or persons, for the purpose of distributing to such self-employed person or
53 persons the earnings and principal of the fund accumulated by the trust in accordance with
54 such plan and the amount actually distributed, or made available to any distributee; **or**

55 **(17) All citizens who are low-income taxpayers as to any income received as**
56 **salaries, wages, commissions, and other compensation. The term "low-income**
57 **taxpayer" shall mean any individual who has an income at or below one hundred**
58 **fifty percent of the federal poverty level as such term is defined under 208.750;** shall not
59 be taxable under any tax ordinance enacted pursuant to the provisions of sections 92.110 to
60 92.200.

61 2. The following income shall be exempt, regardless of who receives it, from such
62 tax:

63 (1) The proceeds of life insurance policies paid to the individual beneficiaries upon
64 the death of the insured;

65 (2) The amount received by the insured as a return of premium or premiums paid by
66 him under life insurance or endowment contracts, either during the term or at the maturity of
67 the term mentioned in the contract or upon the surrender of the contract;

68 (3) Any amount received under workers' compensation acts, as compensation for
69 personal injuries or sickness, plus the amount of any damages received whether by suit or
70 agreement on account of such injuries or sickness, or through the war risk insurance act or
71 any law for the benefit or relief of injured or disabled members of the military or naval forces
72 of the United States;

73 (4) The value of property acquired by gift, bequest, devise or descent, but the income
74 from such property shall be included as income;

75 (5) Interest upon the obligations of this state or of any political subdivision thereof, or
76 upon the obligations of the United States or its possessions;

77 (6) Any income derived from any public utility performing functions of national
78 government or those incident to the state or any political subdivision thereof, or from the
79 exercise of any essential government function accruing to any state, territory or the District of
80 Columbia; provided, that whenever any state, territory or the District of Columbia, or any
81 political subdivision of a state or territory has, prior to the passage of chapter 143, entered in
82 good faith into a contract with any person or corporation the object and purpose of which is to
83 acquire, construct, operate or maintain a public utility, no tax shall be levied under the
84 provisions of chapter 143 upon the income derived from the operation of such public utility,
85 so far as the payment thereof will impose a loss or burden upon such state, territory or the
86 District of Columbia, or a political subdivision of this state; but this provision is not intended
87 to confer upon such person or corporation any financial gain or exemption or to relieve such
88 person or corporation from the payment of a tax as provided for in chapter 143 upon the part

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89 or portion of said income to which such person or corporation shall be entitled under such
90 contract.

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