

FIRST REGULAR SESSION

# HOUSE BILL NO. 150

103RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE O'DONNELL.

0815H.011

DANA RADEMAN MILLER, Chief Clerk

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## AN ACT

To repeal sections 108.170 and 143.121, RSMo, and to enact in lieu thereof two new sections relating to bonds.

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

Section A. Sections 108.170 and 143.121, RSMo, are repealed and two new sections  
2 enacted in lieu thereof, to be known as sections 108.170 and 143.121, to read as follows:

108.170. 1. Notwithstanding any other provisions of any law or charter to the  
2 contrary, any issue of bonds, notes, or other evidences of indebtedness, including bonds,  
3 notes, or other evidences of indebtedness payable solely from revenues derived from any  
4 revenue-producing facility, hereafter issued under any law of this state by any county, city,  
5 town, village, school district, educational institution, drainage district, levee district, nursing  
6 home district, hospital district, library district, road district, fire protection district, water  
7 supply district, sewer district, housing authority, land clearance for redevelopment authority,  
8 special authority created under section 64.920, authority created pursuant to the provisions of  
9 chapter 238, or other municipality, political subdivision, or district of this state shall be  
10 negotiable~~[-]~~; may be issued in ~~[bearer]~~ **book-entry** form or registered form with or without  
11 coupons to evidence interest payable thereon~~[-]~~; may be issued in any denomination~~[-and]~~;  
12 may bear interest at a rate not exceeding ten percent per annum **or at a rate that is up to two**  
13 **hundred fifty basis points above the longest maturity United States Treasury bond,**  
14 **whichever is greater[-];** and may be sold, at any sale, at ~~[the best price obtainable,]~~ a  
15 **competitive market yield as evidenced by a signed statement or memorandum from the**  
16 **underwriter, bond purchaser, or the issuer's municipal advisor, at a price** not less than  
17 ~~[ninety-five]~~ **fifty** percent of the par value thereof, anything in any proceedings heretofore had

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 authorizing such bonds, notes, or other evidence of indebtedness, or in any law of this state or  
19 charter provision to the contrary notwithstanding. Such issue of bonds, notes, or other  
20 evidence of indebtedness may bear interest at a rate not exceeding fourteen percent per annum  
21 **or at a rate that is up to two hundred fifty basis points above the longest maturity**  
22 **United States Treasury bond, whichever is greater**, if sold at public sale after giving  
23 reasonable notice of such sale, at the ~~[best price obtainable,]~~ **lowest true interest cost bid**  
24 **received, at a price** not less than ~~[ninety-five]~~ **fifty** percent of the par value thereof; provided  
25 ~~[-]~~ that such bonds, notes, or other evidence of indebtedness may be sold to any agency or  
26 corporate or other instrumentality of the state of Missouri or of the federal government at  
27 private sale at a rate not exceeding fourteen percent per annum **or at a rate that is up to two**  
28 **hundred fifty basis points above the longest maturity United States Treasury bond,**  
29 **whichever is greater.** If a political subdivision has an unenhanced bond rating ~~[of AA+ or~~  
30 ~~higher, or comparable rating,]~~ **that is one of the two highest long-term ratings or the**  
31 **highest short-term rating issued by a nationally recognized rating agency** on its  
32 outstanding general obligation bonds or is proposing to issue general obligation bonds with an  
33 unenhanced bond rating ~~[of AA+ or higher, or comparable rating]~~ **that is one of the two**  
34 **highest long-term ratings or the highest short-term rating issued by a nationally**  
35 **recognized rating agency**, the new issue of general obligation bonds shall be issued through  
36 a competitive process unless the political subdivision employs the services of a municipal  
37 advisor, in which case the political subdivision may use a negotiated or competitive process,  
38 except that such requirements shall not apply to any general obligation bonds:

39 (1) Sold, pursuant to written agreement, to the government of the United States of  
40 America or of the state of Missouri or to any bureau, department, body corporate,  
41 instrumentality, or agency of the United ~~[State]~~ **States** of America or the state of Missouri;

42 (2) Where the principal amount of the bonds issued does not exceed ~~[twelve]~~ **twenty**  
43 million ~~[five hundred thousand]~~ dollars; or

44 (3) That are issued or are part of an issue issued to refinance a prior issue of general  
45 obligation indebtedness or which are issued contemporaneously with any such issue of  
46 refunding bonds; provided, the refunding bonds shall not exceed the principal of the  
47 outstanding indebtedness to be refunded and the accrued interest to the date of such refunding  
48 bonds.

49

50 A municipal advisor shall not be allowed to profit financially or otherwise, either directly or  
51 indirectly, from the underwriter of a negotiated bond issuance.

52 2. Notwithstanding the provisions of subsection 1 of this section to the contrary, the  
53 sale of bonds, notes, or other evidence of indebtedness issued by the state board of public  
54 buildings created under section 8.010, the state board of fund commissioners created under

55 section 33.300, any port authority created under section 68.010, the bi-state metropolitan  
56 development district authorized under section 70.370, any special business district created  
57 under section 71.790, any county, as defined in section 108.465, exercising the powers  
58 granted by sections 108.450 to 108.470, the ~~[industrial development]~~ **Missouri development**  
59 **finance** board created under section 100.265, any planned industrial expansion authority  
60 created under section 100.320, the higher education loan authority created under section  
61 173.360, the Missouri housing development commission created under section 215.020, the  
62 state environmental improvement and energy resources authority created under section  
63 260.010, the agricultural and small business development authority created under section  
64 348.020, any industrial development corporation created under section 349.035, or the health  
65 and educational facilities authority created under section 360.020 shall, with respect to the  
66 sales price, manner of sale and interest rate, be governed by the specific sections applicable to  
67 each of these entities.

68 3. Any person who is engaged as a municipal advisor by a political corporation or  
69 subdivision with respect to a particular issue of securities shall be independent of the  
70 underwriter of that issue of securities. For the purposes of this section, "municipal advisor"  
71 shall be either:

72 (1) A person registered as a municipal advisor under the rules of the United States  
73 Securities and Exchange Commission; or

74 (2) A person who is a chief financial officer of a school district and either:

75 (a) Is a certified public accountant; or

76 (b) Has a masters of business administration and is certified as an administrator of  
77 school finance and operations by the Association of School Business Officials International.

78

79 For the purposes of this subsection, "independent" shall have the same meaning as defined by  
80 the rules of the United States Securities and Exchange Commission. In determining the  
81 individuals or entities that may serve as a municipal advisor, nothing in this section shall be  
82 construed to be more restrictive than the definition of a municipal advisor as established by  
83 the United States Securities and Exchange Commission.

84 4. Notwithstanding other provisions of this section or other law, the sale of bonds,  
85 notes, or other evidence of indebtedness issued by any housing authority created under  
86 section 99.040 may be sold at any sale, at the ~~[best price]~~ **lowest true interest cost**  
87 obtainable, not less than ~~[ninety-five]~~ **fifty** percent of the par value thereof, and may bear  
88 interest at a rate not exceeding fourteen percent per annum **or at a rate that is up to two**  
89 **hundred fifty basis points above the longest maturity United States Treasury bond,**  
90 **whichever is greater.** The sale shall be a public sale unless the issuing jurisdiction adopts a

91 resolution setting forth clear justification why the sale should be a private sale except that  
92 private activity bonds may be sold either at public or private sale.

93         5. Notwithstanding other provisions of this section or law, industrial development  
94 revenue bonds may be sold at private sale and bear interest at a rate not exceeding fourteen  
95 percent per annum **or at a rate that is up to two hundred fifty basis points above the**  
96 **longest maturity United States Treasury bond, whichever is greater**, at the [~~best price~~]  
97 **lowest true interest cost** obtainable, not less than [~~ninety-five~~] **fifty** percent of the par value  
98 thereof.

99         6. Notwithstanding other provisions in subsection 1 of this section to the contrary,  
100 revenue bonds issued for airport purposes by any constitutional charter city in this state which  
101 now has or may hereafter acquire a population of more than three hundred thousand but less  
102 than six hundred thousand inhabitants, according to the last federal decennial census, may  
103 bear interest at a rate not exceeding fourteen percent per annum **or at a rate that is up to two**  
104 **hundred fifty basis points above the longest maturity United States Treasury bond,**  
105 **whichever is greater**, if sold at public sale after giving reasonable notice, at the [~~best price~~]  
106 **lowest true interest cost** obtainable, not less than [~~ninety-five~~] **fifty** percent of the par value  
107 thereof.

108         7. For purposes of the interest rate limitations set forth in this section, the interest rate  
109 on bonds, notes or other evidence of indebtedness described in this section means the rate at  
110 which the present value of the debt service payments on an issue of bonds, notes or other  
111 evidence of indebtedness, discounted to the date of issuance, equals the original price at  
112 which such bonds, notes or other evidence of indebtedness are sold by the issuer. Interest on  
113 bonds, notes or other evidence of indebtedness may be paid periodically at such times as shall  
114 be determined by the governing body of the issuer and may be compounded in accordance  
115 with section 408.080.

116         8. Notwithstanding any provision of law or charter to the contrary:

117         (1) Any entity referenced in subsection 1 or 2 of this section and any other political  
118 corporation of the state which entity or political corporation has an annual operating budget  
119 for the current year exceeding twenty-five million dollars may, in connection with managing  
120 the cost to such entity or political corporation of purchasing fuel, electricity, natural gas, and  
121 other commodities used in the ordinary course of its lawful operations, enter into agreements  
122 providing for fixing the cost of such commodity, including without limitation agreements  
123 commonly referred to as hedges, futures, and options; provided that as of the date of such  
124 agreement, such entity or political corporation shall have complied with subdivision (3) of  
125 this subsection; and further provided that no eligible school **entity**, as defined in section  
126 393.310, shall be authorized by this subsection to enter into such agreements in connection  
127 with the purchase of natural gas while the tariffs required under section 393.310 are in effect;

128 (2) Any entity referenced in subsection 1 or 2 of this section and any other political  
129 corporation of the state may, in connection with its bonds, notes, or other obligations then  
130 outstanding or to be issued and bearing interest at a fixed or variable rate, enter into  
131 agreements providing for payments based on levels of or changes in interest rates, including  
132 without limitation certain derivative agreements commonly referred to as interest rate swaps,  
133 hedges, caps, floors, and collars, provided that:

134 (a) As of the date of issuance of the bonds, notes, or other obligations to which such  
135 agreement relates, such entity or political corporation will have bonds, notes, or other  
136 obligations outstanding in an aggregate principal amount of at least fifty million dollars; and

137 (b) As of the date of such agreement, such entity's or political corporation's bonds,  
138 notes, or other obligations then outstanding or to be issued have received a stand-alone credit  
139 rating in one of the ~~[two highest categories, without regard to any gradation within such~~  
140 ~~categories, from at least one]~~ **four highest long-term ratings or the highest short-term**  
141 **rating issued by a** nationally recognized credit rating agency, or such entity or political  
142 corporation has an issuer or general credit rating, in one of the ~~[two highest categories,~~  
143 ~~without regard to any gradation within such categories, from at least one]~~ **four highest long-**  
144 **term ratings or the highest short-term rating issued by a** nationally recognized credit  
145 rating agency; and

146 (c) As of the date of such agreement, such entity or political corporation shall have  
147 complied with subdivision (3) of this subsection;

148 (3) Prior to entering into any agreements pursuant to subdivision (1) or (2) of this  
149 subsection, the governing body of the entity or political corporations entering into such  
150 agreements shall have adopted a written policy governing such agreements. Such policy shall  
151 be prepared by integrating the recommended practices published by the Government Finance  
152 Officers Association or comparable nationally recognized professional organization and shall  
153 provide guidance with respect to the permitted purposes, authorization process, mitigation of  
154 risk factors, ongoing oversight responsibilities, market disclosure, financial strategy, and any  
155 other factors in connection with such agreements determined to be relevant by the governing  
156 body of such entity or political corporation. Such entity or political corporation may enter  
157 into such agreements at such times and such agreements may contain such payment, security,  
158 default, remedy, and other terms and conditions as shall be consistent with the written policy  
159 adopted under this subdivision and as may be approved by the governing body of such entity  
160 or other obligated party, including any rating by any nationally recognized rating agency and  
161 any other criteria as may be appropriate;

162 (4) Nothing in this subsection shall be applied or interpreted to authorize any such  
163 entity or political corporation to enter into any such agreement for investment purposes or to  
164 diminish or alter the special or general power any such entity or political corporation may

165 otherwise have under any other provisions of law including the special or general power of  
166 any interstate transportation authority.

167         9. The state treasurer shall make available to municipalities, political subdivisions, or  
168 districts listed under subsection 1 of this section relevant information regarding debt issuance  
169 and bidding processes, including best practices resources published by a national association  
170 of government finance officers on debt issuance, to aid such entities with the process of  
171 issuing debt and awarding bonds to the best bidder.

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

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

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

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

24         (3) The amount of any deduction that is included in the computation of federal  
25 taxable income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended  
26 by the Job Creation and Worker Assistance Act of 2002 to the extent the amount deducted  
27 relates to property purchased on or after July 1, 2002, but before July 1, 2003, and to the  
28 extent the amount deducted exceeds the amount that would have been deductible pursuant to  
29 26 U.S.C. Section 168 of the Internal Revenue Code of 1986 as in effect on January 1, 2002;

30 (4) The amount of any deduction that is included in the computation of federal  
31 taxable income for net operating loss allowed by 26 U.S.C. Section 172 of the Internal  
32 Revenue Code of 1986, as amended, other than the deduction allowed by 26 U.S.C. Section  
33 172(b)(1)(G) and 26 U.S.C. Section 172(i) of the Internal Revenue Code of 1986, as  
34 amended, for a net operating loss the taxpayer claims in the tax year in which the net  
35 operating loss occurred or carries forward for a period of more than twenty years and carries  
36 backward for more than two years. Any amount of net operating loss taken against federal  
37 taxable income but disallowed for Missouri income tax purposes pursuant to this subdivision  
38 after June 18, 2002, may be carried forward and taken against any income on the Missouri  
39 income tax return for a period of not more than twenty years from the year of the initial loss;  
40 and

41 (5) For nonresident individuals in all taxable years ending on or after December 31,  
42 2006, the amount of any property taxes paid to another state or a political subdivision of  
43 another state for which a deduction was allowed on such nonresident's federal return in the  
44 taxable year unless such state, political subdivision of a state, or the District of Columbia  
45 allows a subtraction from income for property taxes paid to this state for purposes of  
46 calculating income for the income tax for such state, political subdivision of a state, or the  
47 District of Columbia;

48 (6) For all tax years beginning on or after January 1, 2018, any interest expense paid  
49 or accrued in a previous taxable year, but allowed as a deduction under 26 U.S.C. Section  
50 163, as amended, in the current taxable year by reason of the carryforward of disallowed  
51 business interest provisions of 26 U.S.C. Section 163(j), as amended. For the purposes of this  
52 subdivision, an interest expense is considered paid or accrued only in the first taxable year the  
53 deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the  
54 limitation under 26 U.S.C. Section 163(j), as amended, did not exist.

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

57 (1) Interest received on deposits held at a federal reserve bank or interest or dividends  
58 on obligations of the United States and its territories and possessions or of any authority,  
59 commission or instrumentality of the United States to the extent exempt from Missouri  
60 income taxes pursuant to the laws of the United States. The amount subtracted pursuant to  
61 this subdivision shall be reduced by any interest on indebtedness incurred to carry the  
62 described obligations or securities and by any expenses incurred in the production of interest  
63 or dividend income described in this subdivision. The reduction in the previous sentence  
64 shall only apply to the extent that such expenses including amortizable bond premiums are  
65 deducted in determining the taxpayer's federal adjusted gross income or included in the

66 taxpayer's Missouri itemized deduction. The reduction shall only be made if the expenses  
67 total at least five hundred dollars;

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

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

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

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

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

85 (7) The amount that would have been deducted in the computation of federal taxable  
86 income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as in effect on  
87 January 1, 2002, to the extent that amount relates to property purchased on or after July 1,  
88 2002, but before July 1, 2003, and to the extent that amount exceeds the amount actually  
89 deducted pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the  
90 Job Creation and Worker Assistance Act of 2002;

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

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



103 amount by which additional modification made under subdivision (3) of subsection 2 of this  
104 section on qualified property has not been recovered through the additional subtractions  
105 provided in subdivision (7) of this subsection;

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

- 109 (a) Livestock Forage Disaster Program;
- 110 (b) Livestock Indemnity Program;
- 111 (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;
- 112 (d) Emergency Conservation Program;
- 113 (e) Noninsured Crop Disaster Assistance Program;
- 114 (f) Pasture, Rangeland, Forage Pilot Insurance Program;
- 115 (g) Annual Forage Pilot Program;
- 116 (h) Livestock Risk Protection Insurance Plan;
- 117 (i) Livestock Gross Margin Insurance Plan;

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

124 (12) One hundred percent of any retirement benefits received by any taxpayer as a  
125 result of the taxpayer's service in the Armed Forces of the United States, including reserve  
126 components and the National Guard of this state, as defined in 32 U.S.C. Sections 101(3) and  
127 109, and any other military force organized under the laws of this state; and

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

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

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

136 6. In addition to the modifications to a taxpayer's federal adjusted gross income in this  
137 section, to calculate Missouri adjusted gross income there shall be subtracted from the  
138 taxpayer's federal adjusted gross income any gain recognized pursuant to 26 U.S.C. Section

139 1033 of the Internal Revenue Code of 1986, as amended, arising from compulsory or  
140 involuntary conversion of property as a result of condemnation or the imminence thereof.

141 7. (1) As used in this subsection, "qualified health insurance premium" means the  
142 amount paid during the tax year by such taxpayer for any insurance policy primarily  
143 providing health care coverage for the taxpayer, the taxpayer's spouse, or the taxpayer's  
144 dependents.

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

150 8. (1) Beginning January 1, 2014, in addition to the subtractions provided in this  
151 section, one hundred percent of the cost incurred by a taxpayer for a home energy audit  
152 conducted by an entity certified by the department of natural resources under section 640.153  
153 or the implementation of any energy efficiency recommendations made in such an audit shall  
154 be subtracted from the taxpayer's federal adjusted gross income to the extent the amount paid  
155 for any such activity is included in federal taxable income. The taxpayer shall provide the  
156 department of revenue with a summary of any recommendations made in a qualified home  
157 energy audit, the name and certification number of the qualified home energy auditor who  
158 conducted the audit, and proof of the amount paid for any activities under this subsection for  
159 which a deduction is claimed. The taxpayer shall also provide a copy of the summary of any  
160 recommendations made in a qualified home energy audit to the department of natural  
161 resources.

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

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

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

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

176 10. (1) As used in this subsection, the following terms mean:

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

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

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

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

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

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

189 a. A sale to a beginning farmer;

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

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

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

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

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

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

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

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

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

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

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

210 (d) The department of revenue shall prepare an annual report reviewing the costs and  
211 benefits and containing statistical information regarding the subtraction of capital gains  
212 authorized under this subdivision for the previous tax year including, but not limited to, the

213 total amount of all capital gains subtracted and the number of taxpayers subtracting such  
214 capital gains. Such report shall be submitted before February first of each year to the  
215 committee on agriculture policy of the Missouri house of representatives and the committee  
216 on agriculture, food production and outdoor resources of the Missouri senate, or the successor  
217 committees.

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

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

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

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

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

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

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

245 **11. (1) For all tax years beginning on or after January 1, 2026, in addition to the**  
246 **subtractions authorized under this section, one hundred percent of the amount of any**  
247 **gain in interest derived from municipal bonds or any other debt derived from sources in**  
248 **another state of the United States, or a political subdivision thereof, or the District of**  
249 **Columbia shall be subtracted from the taxpayer's federal adjusted gross income.**

250           **(2) The amount subtracted under this subsection shall apply only if, at the time**  
251 **such derived interest was earned on such municipal bonds or any other debt in such**  
252 **other state or the District of Columbia, either:**

253           **(a) This state had adopted a reciprocal agreement exempting such state's**  
254 **residents from taxes imposed on interest earned on such out-of-state bonds or any other**  
255 **out-of-state debt; or**

256           **(b) No reciprocal agreement exists, but at the time such interest was earned on**  
257 **any out-of-state bonds or debt, no tax was imposed by the originating state on any such**  
258 **Missouri bonds or debt.**

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