

SECOND REGULAR SESSION

HOUSE BILL NO. 2561

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE COSTLOW.

5409H.011

JOSEPH ENGLER, 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Section A. Section 92.130, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 92.130, to read as follows: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 **of the following shall not be taxable under any tax ordinance enacted under the provisions of sections 92.110 to 92.200:**

(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;

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.

16 (7) Business league, chamber of commerce or board of trade not organized for profit
17 and no part of the net income of which inures to the benefit of any private stockholder or
18 individual;

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

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

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

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

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

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

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

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

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

53 employed person or persons, for the purpose of distributing to such self-employed person or
54 persons the earnings and principal of the fund accumulated by the trust in accordance with
55 such plan and the amount actually distributed, or made available to any distributee; ~~[shall not~~
56 ~~be taxable under any tax ordinance enacted pursuant to the provisions of sections 92.110 to~~
57 ~~92.200]~~ or

58 **(17) Income received as salaries, wages, commissions, and other compensation**
59 **earned by an individual for work done or services performed or rendered in the**
60 **performance of the individual's official duties in the city if such individual:**

61 **(a) Is employed by this state; or**

62 **(b) Meets the definition of public safety personnel, as defined in section**
63 **173.2655.**

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

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

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

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

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

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

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

90 to confer upon such person or corporation any financial gain or exemption or to relieve such
91 person or corporation from the payment of a tax as provided for in chapter 143 upon the part
92 or portion of said income to which such person or corporation shall be entitled under such
93 contract.

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