FIRST EXTRAORDINARY SESSION

HOUSE BILL NO. 5

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES KENNEDY, KREIDER, BARRY, JOHNSON (90), SMITH, CRUMP, GAMBARO, SCHEVE, HOLT, LUETKENHAUS, HEGEMAN, FOLEY, TROUPE, RANSDALL, SKAGGS, FRANKLIN, BLAND, MONACO, MERIDETH, BERKOWITZ, HOSMER, KOLLER, ABEL, SHOEMYER AND HAGAN-HARRELL (Co-sponsors).

Read 1st time September 5, 2001, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

2381L.01I

AN ACT

To repeal section 143.171, RSMo, and to enact in lieu thereof one new section relating to the deduction for federal income taxes, with an emergency clause.

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

Section A. Section 143.171, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.171, to read as follows:

143.171. 1. For all tax years beginning before January 1, 1994, for an individual taxpayer and for all tax years beginning before September 1, 1993, for a corporate taxpayer, the taxpayer shall be allowed a deduction for **[**his**] the taxpayer's** federal income tax liability under chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages), section 27 (tax of foreign country and United States possessions), and section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).

2. For all tax years beginning on or after January 1, 1994, an individual taxpayer shall be allowed a deduction for **[**his**] the taxpayer's** federal income tax liability under chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed, not to exceed five thousand dollars on a single taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits thereon, except the credit for payments of federal

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages), section 27 (tax of foreign country and United States possessions), **[**and**]** section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils) **and section 6428 (credit for the ten percent income tax rate bracket, including any advance refund of the credit allowed the taxpayer pursuant to subsection (e) of section 6428)**.

3. For all tax years beginning on or after September 1, 1993, a corporate taxpayer shall be allowed a deduction for fifty percent of its federal income tax liability under chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages), section 27 (tax of foreign country and United States possessions), and section 34 (tax on certain uses of gasoline, special fuels and lubricating oils).

4. If a federal income tax liability for a tax year prior to the applicability of sections 143.011 to 143.996 for which **[**he**] the taxpayer** was not previously entitled to a Missouri deduction is later paid or accrued, **[**he**] the taxpayer** may deduct the federal tax in the later year to the extent it would have been deductible if paid or accrued in the prior year.

Section B. Because immediate action is necessary to provide for the deductibility of certain advance federal income tax payments, section A of this act is deemed necessary for the immediate preservation of the public health, welfare, peace, and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and section A of this act shall be in full force and effect upon its passage and approval.