

SECOND REGULAR SESSION

[P E R F E C T E D]

SENATE BILL NO. 641

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHATZ.

Pre-filed December 1, 2015, and ordered printed.

Read 2nd time January 7, 2016, and referred to the Committee on Ways and Means.

Reported from the Committee January 28, 2016, with recommendation that the bill do pass.

Taken up for Perfection February 22, 2016. Bill declared Perfected and Ordered Printed.

ADRIANE D. CROUSE, Secretary.

4738S.01P

AN ACT

To repeal section 143.121, RSMo, and to enact in lieu thereof one new section relating to a deduction for compensation payments for agricultural losses.

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

Section A. Section 143.121, RSMo, is repealed and one new section enacted
2 in lieu thereof, to be known as section 143.121, to read as follows:

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

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

5 (1) The amount of any federal income tax refund received for a prior year
6 which resulted in a Missouri income tax benefit;

7 (2) Interest on certain governmental obligations excluded from federal gross
8 income by Section 103 of the Internal Revenue Code. The previous sentence shall not
9 apply to interest on obligations of the state of Missouri or any of its political

10 subdivisions or authorities and shall not apply to the interest described in subdivision
11 (1) of subsection 3 of this section. The amount added pursuant to this subdivision
12 shall be reduced by the amounts applicable to such interest that would have been
13 deductible in computing the taxable income of the taxpayer except only for the
14 application of Section 265 of the Internal Revenue Code. The reduction shall only be
15 made if it is at least five hundred dollars;

16 (3) The amount of any deduction that is included in the computation of federal
17 taxable income pursuant to Section 168 of the Internal Revenue Code as amended by

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

18 the Job Creation and Worker Assistance Act of 2002 to the extent the amount
19 deducted relates to property purchased on or after July 1, 2002, but before July 1,
20 2003, and to the extent the amount deducted exceeds the amount that would have
21 been deductible pursuant to Section 168 of the Internal Revenue Code of 1986 as in
22 effect on January 1, 2002;

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

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

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

43 (1) Interest or dividends on obligations of the United States and its territories
44 and possessions or of any authority, commission or instrumentality of the United
45 States to the extent exempt from Missouri income taxes pursuant to the laws of the
46 United States. The amount subtracted pursuant to this subdivision shall be reduced
47 by any interest on indebtedness incurred to carry the described obligations or
48 securities and by any expenses incurred in the production of interest or dividend
49 income described in this subdivision. The reduction in the previous sentence shall
50 only apply to the extent that such expenses including amortizable bond premiums are
51 deducted in determining the taxpayer's federal adjusted gross income or included in
52 the taxpayer's Missouri itemized deduction. The reduction shall only be made if the
53 expenses total at least five hundred dollars;

54 (2) The portion of any gain, from the sale or other disposition of property
55 having a higher adjusted basis to the taxpayer for Missouri income tax purposes than

56 for federal income tax purposes on December 31, 1972, that does not exceed such
57 difference in basis. If a gain is considered a long-term capital gain for federal income
58 tax purposes, the modification shall be limited to one-half of such portion of the gain;

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

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

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

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

71 (7) The amount that would have been deducted in the computation of federal
72 taxable income pursuant to Section 168 of the Internal Revenue Code as in effect on
73 January 1, 2002, to the extent that amount relates to property purchased on or after
74 July 1, 2002, but before July 1, 2003, and to the extent that amount exceeds the
75 amount actually deducted pursuant to Section 168 of the Internal Revenue Code as
76 amended by the Job Creation and Worker Assistance Act of 2002;

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

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

93 **(10) For all tax years beginning on or after January 1, 2014, the**

94 amount of any income received as payment from any program which
95 provides compensation to agricultural producers who have suffered a loss
96 as the result of a disaster or emergency, including the:

- 97 (a) Livestock Forage Disaster Program;
98 (b) Livestock Indemnity Program;
99 (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised
100 Fish;
101 (d) Emergency Conservation Program;
102 (e) Noninsured Crop Disaster Assistance Program;
103 (f) Pasture, Rangeland, Forage Pilot Insurance Program;
104 (g) Annual Forage Pilot Program;
105 (h) Livestock Risk Protection Insurance Plan; and
106 (i) Livestock Gross Margin insurance plan.

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

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

112 6. In addition to the modifications to a taxpayer's federal adjusted gross
113 income in this section, to calculate Missouri adjusted gross income there shall be
114 subtracted from the taxpayer's federal adjusted gross income any gain recognized
115 pursuant to Section 1033 of the Internal Revenue Code of 1986, as amended, arising
116 from compulsory or involuntary conversion of property as a result of condemnation or
117 the imminence thereof.

118 7. (1) As used in this subsection, "qualified health insurance premium" means
119 the amount paid during the tax year by such taxpayer for any insurance policy
120 primarily providing health care coverage for the taxpayer, the taxpayer's spouse, or
121 the taxpayer's dependents.

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

128 8. (1) Beginning January 1, 2014, in addition to the subtractions provided in
129 this section, one hundred percent of the cost incurred by a taxpayer for a home energy
130 audit conducted by an entity certified by the department of natural resources under
131 section 640.153 or the implementation of any energy efficiency recommendations made

132 in such an audit shall be subtracted from the taxpayer's federal adjusted gross income
133 to the extent the amount paid for any such activity is included in federal taxable
134 income. The taxpayer shall provide the department of revenue with a summary of
135 any recommendations made in a qualified home energy audit, the name and
136 certification number of the qualified home energy auditor who conducted the audit,
137 and proof of the amount paid for any activities under this subsection for which a
138 deduction is claimed. The taxpayer shall also provide a copy of the summary of any
139 recommendations made in a qualified home energy audit to the department of natural
140 resources.

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

145 (3) Any deduction claimed under this subsection shall be claimed for the tax
146 year in which the qualified home energy audit was conducted or in which the
147 implementation of the energy efficiency recommendations occurred. If
148 implementation of the energy efficiency recommendations occurred during more than
149 one year, the deduction may be claimed in more than one year, subject to the
150 limitations provided under subdivision (2) of this subsection.

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

155 9. The provisions of subsection 8 of this section shall expire on December 31,
156 2020.

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