

SECOND REGULAR SESSION

SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 931

101ST GENERAL ASSEMBLY

3709S.03C

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal sections 130.029 and 143.081, RSMo, and to enact in lieu thereof three new sections relating to corporations.

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

Section A. Sections 130.029 and 143.081, RSMo, are
2 repealed and three new sections enacted in lieu thereof, to be
3 known as sections 130.029, 143.081, and 143.436, to read as
4 follows:

130.029. 1. Nothing herein contained shall be
2 construed to prohibit any corporation organized under any
3 general or special law of this state, or any other state or
4 by an act of the Congress of the United States or any labor
5 organization, cooperative association or mutual association
6 from making any contributions or expenditures, provided:

7 (1) That the board of directors of any corporation by
8 resolution has authorized contributions or expenditures, or
9 by resolution has authorized a designated officer to make
10 such contributions or expenditures; or

11 (2) That the members of any labor organization,
12 cooperative association or mutual association have
13 authorized contributions or expenditures by a majority vote
14 of the members present at a duly called meeting of any such
15 labor organization, cooperative association or mutual

16 association or by such vote has authorized a designated
17 officer to make such contributions or expenditures.

18 2. No provision of this section shall be construed to
19 authorize contributions or expenditures otherwise prohibited
20 by, or to change any necessary percentage of vote otherwise
21 required by, the articles of incorporation or association or
22 bylaws of such labor organization, corporation, cooperative
23 or mutual association.

24 3. Authority to make contributions or expenditures as
25 authorized by this section shall be adopted by general or
26 specific resolution. This resolution shall state the total
27 amount of contributions or expenditures authorized, the
28 purposes of such contributions or expenditures and the time
29 period within which such authority shall exist.

30 **4. (1) Any limited liability company that is duly**
31 **registered pursuant to chapter 347 and that has not elected**
32 **to be classified as a corporation under the federal tax code**
33 **and any S corporation may make contributions to any**
34 **committee, provided such limited liability company or S**
35 **corporation has been in existence for at least one year**
36 **prior to such contribution.**

37 **(2) For purposes of this subsection and section 23 of**
38 **article VIII of the Missouri Constitution, the term**
39 **"corporation" shall include any C corporation, provided that**
40 **the term shall not include any limited liability company**
41 **that is duly registered pursuant to chapter 347 and that has**
42 **not elected to be classified as a corporation under the**
43 **federal tax code and any S corporation.**

143.081. 1. A resident individual, resident estate,
2 and resident trust shall be allowed a credit against the tax
3 otherwise due pursuant to sections 143.005 to 143.998 for
4 the amount of any income tax imposed for the taxable year by

5 another state of the United States (or a political
6 subdivision thereof) or the District of Columbia on income
7 derived from sources therein and which is also subject to
8 tax pursuant to sections 143.005 to 143.998. For purposes
9 of this subsection, the phrase "income tax imposed" shall be
10 that amount of tax before any income tax credit allowed by
11 such other state or the District of Columbia if the other
12 state or the District of Columbia authorizes a reciprocal
13 benefit for residents of this state.

14 2. The credit provided pursuant to this section shall
15 not exceed an amount which bears the same ratio to the tax
16 otherwise due pursuant to sections 143.005 to 143.998 as the
17 amount of the taxpayer's Missouri adjusted gross income
18 derived from sources in the other taxing jurisdiction bears
19 to the taxpayer's Missouri adjusted gross income derived
20 from all sources. In applying the limitation of the
21 previous sentence to an estate or trust, Missouri taxable
22 income shall be substituted for Missouri adjusted gross
23 income. If the tax of more than one other taxing
24 jurisdiction is imposed on the same item of income, the
25 credit shall not exceed the limitation that would result if
26 the taxes of all the other jurisdictions applicable to the
27 item were deemed to be of a single jurisdiction.

28 3. **(1)** For the purposes of this section, in the case
29 of an S corporation, each resident S shareholder shall be
30 considered to have paid a tax imposed on the shareholder in
31 an amount equal to the shareholder's pro rata share of any
32 net income tax paid by the S corporation to a state which
33 does not measure the income of shareholders on an S
34 corporation by reference to the income of the S corporation
35 or where a composite return and composite payments are made

36 in such state on behalf of the S shareholders by the S
37 corporation.

38 **(2) A resident S shareholder shall be eligible for a**
39 **credit issued pursuant to this section in an amount equal to**
40 **the shareholder's pro rata share of any income tax imposed**
41 **pursuant to chapter 143 on income derived from sources in**
42 **another state of the United States, or a political**
43 **subdivision thereof, or the District of Columbia, and which**
44 **is subject to tax pursuant to chapter 143 but is not subject**
45 **to tax in such other jurisdiction.**

46 4. For purposes of subsection 3 of this section, in
47 the case of an S corporation that is a bank chartered by a
48 state, the Office of Thrift Supervision, or the comptroller
49 of currency, each Missouri resident S shareholder of such
50 out-of-state bank shall qualify for the shareholder's pro
51 rata share of any net tax paid, including a bank franchise
52 tax based on the income of the bank, by such S corporation
53 where bank payment of taxes are made in such state on behalf
54 of the S shareholders by the S bank to the extent of the tax
55 paid.

143.436. 1. This section shall be known and may be
2 **cited as the "SALT Parity Act".**

3 **2. For the purposes of this section, the following**
4 **terms shall mean:**

5 **(1) "Affected business entity", any partnership or S**
6 **corporation that elects to be subject to tax pursuant to**
7 **subsection 10 of this section;**

8 **(2) "Direct member", a member that holds an interest**
9 **directly in an affected business entity;**

10 **(3) "Indirect member", a member that itself holds an**
11 **interest, through a direct or indirect member that is a**

12 partnership or an S corporation, in an affected business
13 entity;

14 (4) "Member":

15 (a) A shareholder of an S corporation;

16 (b) A partner in a general partnership, a limited
17 partnership, or a limited liability partnership; or

18 (c) A member of a limited liability company that is
19 treated as a partnership or S corporation for federal income
20 tax purposes;

21 (5) "Partnership", the same meaning as provided in 26
22 U.S.C. Section 7701(a) (2). The term "partnership" shall
23 include a limited liability company that is treated as a
24 partnership for federal income tax purposes;

25 (6) "S corporation", a corporation or limited
26 liability company that is treated as an S corporation for
27 federal income tax purposes;

28 (7) "Tax year", the tax year of a partnership or S
29 corporation for federal income tax purposes.

30 3. (1) Notwithstanding any provision of law to the
31 contrary, a tax is hereby imposed on each affected business
32 entity that is a partnership and that is doing business in
33 this state. Such affected business entity shall, no later
34 than ninety days following the close of each tax year, pay a
35 tax in an amount equal to the sum of the separately and
36 nonseparately computed items, as described in 26 U.S.C.
37 Section 702(a), of the affected business entity, to the
38 extent derived from or connected with sources within this
39 state, as determined pursuant to section 143.455, decreased
40 by the deduction allowed under 26 U.S.C. Section 199A
41 computed as if such deduction was allowed to be taken by the
42 affected business entity for federal tax purposes, and
43 increased or decreased by any modification made pursuant to

44 section 143.471 that relates to an item of the affected
45 business entity's income, gain, loss, or deduction, to the
46 extent derived from or connected with sources within this
47 state, as determined pursuant to section 143.455, with such
48 sum multiplied by the highest rate of tax used to determine
49 a Missouri income tax liability for an individual pursuant
50 to section 143.011. An affected entity paying the tax
51 pursuant to this subsection shall include with the payment
52 of such taxes each report provided to a member pursuant to
53 subsection 7 of this section.

54 (2) If the amount calculated pursuant to subdivision
55 (1) of this section results in a net loss, such net loss may
56 be carried forward to succeeding tax years for which the
57 affected business entity elects to be subject to tax
58 pursuant to subsection 11 of this section until fully used.

59 4. (1) Notwithstanding any provision of law to the
60 contrary, a tax is hereby imposed on each affected business
61 entity that is an S corporation and that is doing business
62 in this state. Such affected business entity shall, no
63 later than ninety days following the close of each tax year,
64 pay a tax in an amount equal to the sum of the separately
65 and nonseparately computed items, as described in 26 U.S.C.
66 Section 1366, of the affected business entity, to the extent
67 derived from or connected with sources within this state, as
68 determined pursuant to section 143.455, decreased by the
69 deduction allowed under 26 U.S.C. Section 199A computed as
70 if such deduction was allowed to be taken by the affected
71 business entity for federal tax purposes, and increased or
72 decreased by any modification made pursuant to section
73 143.471 that relates to an item of the affected business
74 entity's income, gain, loss, or deduction, to the extent
75 derived from or connected with sources within this state, as

76 determined pursuant to section 143.455, with such sum
77 multiplied by the highest rate of tax used to determine a
78 Missouri income tax liability for an individual pursuant to
79 section 143.011. An affected entity paying the tax pursuant
80 to this subsection shall include with the payment of such
81 taxes each report provided to a member pursuant to
82 subsection 7 of this section.

83 (2) If the amount calculated pursuant to subdivision
84 (1) of this section results in a net loss, such net loss may
85 be carried forward to succeeding tax years for which the
86 affected business entity elects to be subject to tax
87 pursuant to subsection 11 of this section until fully used.

88 5. If an affected business entity is a direct or
89 indirect member of another affected business entity, the
90 member affected business entity shall, when calculating its
91 net income or loss pursuant to subsections 3 or 4 of this
92 section, subtract its distributive share of income or add
93 its distributive share of loss from the affected business
94 entity in which it is a direct or indirect member to the
95 extent that the income or loss was derived from or connected
96 with sources within this state, as determined pursuant to
97 section 143.455.

98 6. A nonresident individual who is a member shall not
99 be required to file an income tax return pursuant to this
100 chapter for a tax year if, for such tax year, the only
101 source of income derived from or connected with sources
102 within the state for such member, or the member and the
103 member's spouse if a joint federal income tax return is or
104 shall be filed, is from one or more affected business
105 entities and such affected business entity or entities file
106 and pay the tax due under this section.

107 7. Each partnership and S corporation shall report to
108 each of its members, for each tax year, such member's direct
109 pro rata share of the tax imposed pursuant to this section
110 on such partnership or S corporation if it is an affected
111 business entity and its indirect pro rata share of the tax
112 imposed on any affected business entity in which such
113 affected business entity is a direct or indirect member.

114 8. (1) Each member that is subject to the tax imposed
115 pursuant to section 143.011 shall be entitled to a credit
116 against the tax imposed pursuant to section 143.011. Such
117 credit shall be in an amount equal to such member's direct
118 and indirect pro rata share of the tax paid pursuant to this
119 section by any affected business entity of which such member
120 is directly or indirectly a member.

121 (2) If the amount of the credit authorized by this
122 subsection exceeds such member's tax liability for the tax
123 imposed pursuant to section 143.011, the excess amount shall
124 not be refunded but may be carried forward to each
125 succeeding tax year until such credit is fully taken.

126 9. (1) Each member that is subject to the tax imposed
127 pursuant to section 143.011 as a resident or part-year
128 resident of this state shall be entitled to a credit against
129 the tax imposed pursuant to section 143.011 for such
130 member's direct and indirect pro rata share of taxes paid to
131 another state of the United States or to the District of
132 Columbia, on income of any partnership or S corporation of
133 which such person is a member that is derived therefrom,
134 provided the taxes paid to another state of the United
135 States or to the District of Columbia results from a tax
136 that the director of revenue determines is substantially
137 similar to the tax imposed pursuant to this section. Any
138 such credit shall be calculated in a manner to be prescribed

139 by the director of revenue, provided such calculation is
140 consistent with the provisions of this section, and further
141 provided that the limitations provided in subsection 2 of
142 section 143.081 shall apply to the credit authorized by this
143 subsection.

144 (2) If the amount of the credit authorized by this
145 subsection exceeds such member's tax liability for the tax
146 imposed pursuant to section 143.011, the excess amount shall
147 not be refunded and shall not be carried forward.

148 10. (1) Each corporation that is subject to the tax
149 imposed pursuant to section 143.071 and that is a member
150 shall be entitled to a credit against the tax imposed
151 pursuant to section 143.071. Such credit shall be in an
152 amount equal to such corporation's direct and indirect pro
153 rata share of the tax paid pursuant to this section by any
154 affected business entity of which such corporation is
155 directly or indirectly a member. Such credit shall be
156 applied after all other credits.

157 (2) If the amount of the credit authorized by this
158 subsection exceeds such corporation's tax liability for the
159 tax imposed pursuant to section 143.071, the excess amount
160 shall not be refunded but may be carried forward to each
161 succeeding tax year until such credit is fully taken.

162 11. A partnership or an S corporation may elect to
163 become an affected business entity that is required to pay
164 the tax pursuant to this section in any tax year. A
165 separate election shall be made for each taxable year. Such
166 election shall be made on such form and in such manner as
167 the director of revenue may prescribe by rule. An election
168 made pursuant to this subsection shall be signed by:

169 (1) Each member of the electing entity who is a member
170 at the time the election is filed; or

171 (2) Any officer, manager, or member of the electing
172 entity who is authorized to make the election and who
173 attests to having such authorization under penalty of
174 perjury.

175 12. The provisions of sections 143.425 and 143.601
176 shall apply to any modifications made to an affected
177 business entity's federal return, and such affected business
178 entity shall pay any resulting underpayment of tax to the
179 extent not already paid pursuant to section 143.425.

180 13. (1) With respect to an action required or
181 permitted to be taken by an affected business entity
182 pursuant to this section, a proceeding under section 143.631
183 for reconsideration by the director of revenue, an appeal to
184 the administrative hearing commission, or a review by the
185 judiciary with respect to such action, the affected business
186 entity shall designate an affected business entity
187 representative for the tax year, and such affected business
188 entity representative shall have the sole authority to act
189 on behalf of the affected business entity, and the affected
190 business entity's members shall be bound by those actions.

191 (2) The department of revenue may establish reasonable
192 qualifications and procedures for designating a person to be
193 the affected business entity representative.

194 (3) The affected business entity representative shall
195 be considered an authorized representative of the affected
196 business entity and its members under section 32.057 for the
197 purposes of compliance with this section, or participating
198 in a proceeding described in subdivision (1) of this
199 subsection.

200 14. The provisions of this section shall only apply to
201 tax years beginning on or after January 1, 2023.

202 15. The department of revenue may promulgate rules to
203 implement the provisions of this section. Any rule or
204 portion of a rule, as that term is defined in section
205 536.010, that is created under the authority delegated in
206 this section shall become effective only if it complies with
207 and is subject to all of the provisions of chapter 536 and,
208 if applicable, section 536.028. This section and chapter
209 536 are nonseverable and if any of the powers vested with
210 the general assembly pursuant to chapter 536 to review, to
211 delay the effective date, or to disapprove and annul a rule
212 are subsequently held unconstitutional, then the grant of
213 rulemaking authority and any rule proposed or adopted after
214 August 28, 2022, shall be invalid and void.

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