

SECOND REGULAR SESSION

HOUSE BILL NO. 1861

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES NOLTE (Sponsor), FISHER, LASATER, NANCE, CROSS,
WHITE AND NETH (Co-sponsors).

6035L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 143.071, RSMo, and to enact in lieu thereof two new sections relating to the taxation of business income.

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

Section A. Section 143.071, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 143.013 and 143.071, to read as follows:

143.013. 1. This act shall be known and maybe cited as the "Broad-Based Tax Relief Act of 2012".

2. As used in this section, "business income" means income greater than zero arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. "Business income" shall not include "compensation" as such term is defined under subsection 1 of article IV of section 32.200.

3. In the case of a small corporation described in section 143.471 or a partnership, computing the deduction allowed under subsection 4 of this section, taxpayers described in subdivision (1) or (2) of this subsection shall be allowed such deduction apportioned in proportion to their share of ownership of the business on the last day of the taxpayer's tax period for which such deduction is being claimed when determining the Missouri adjusted gross income of:

(1) The shareholders of a small corporation as described in section 143.471;

(2) The partners in a partnership.

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.

17 **4. (1) In addition to all other modifications allowed by law, there shall be**
18 **subtracted from the federal adjusted gross income of an individual taxpayer the amounts**
19 **of business income as provided in this subsection to the extent included in federal adjusted**
20 **gross income when determining the taxpayer's Missouri adjusted gross income.**

21 **(2) (a) For the tax year beginning on or after January 1, 2012, but before**
22 **December 31, 2012, ten percent of the amount of business income.**

23 **(b) For the tax year beginning on or after January 1, 2013, but before December**
24 **31, 2013, twenty percent of the amount of business income.**

25 **(c) For the tax year beginning on or after January 1, 2014, but before December 31,**
26 **2014, thirty percent of the amount of business income.**

27 **(3) (a) For each tax year beginning on or after January 1, 2015, the percentage of**
28 **the amount of business income to be subtracted under this subsection shall be determined**
29 **as provided in this subdivision.**

30 **(b) The office of administration shall compare the sum of the Missouri net**
31 **individual income tax revenues and the Missouri net corporation income tax revenues, as**
32 **reported by the department of revenue, received in the fiscal year ending on June 30, 2010,**
33 **to the Missouri net individual income tax revenues and the Missouri net corporation**
34 **income tax revenues, as reported by the department of revenue, received in the fiscal year**
35 **ending on June thirtieth of the tax year preceding the tax year for which the percentage**
36 **of the amount of business income to be subtracted under this section is being determined**
37 **under this section. Upon the completion of such comparison, the office of administration**
38 **shall immediately report the results of such comparison to the director of the department**
39 **of revenue.**

40 **(c) If, upon comparison of the sum of the Missouri net individual income tax**
41 **revenues and the Missouri net corporation income tax revenues received as provided in this**
42 **subdivision, the office of administration determines that the sum of the Missouri net**
43 **individual income tax revenues and the Missouri net corporation income tax revenues**
44 **received in the fiscal year ending on June thirtieth of such preceding tax year are less than**
45 **the sum of the Missouri net individual income tax revenues and the Missouri net**
46 **corporation income tax revenues received in the fiscal year ending on June 30, 2010, the**
47 **percentage of the amount of business income that shall be subtracted under this subsection**
48 **shall remain at thirty percent until such time the office of administration determines that**
49 **the sum of the Missouri net individual income tax revenues and the Missouri net**
50 **corporation income tax revenues received are equal to or greater than the sum of the**
51 **Missouri net individual income tax revenues and the Missouri net corporation income tax**

52 revenues received in the fiscal year ending on June 30, 2010, and the percentage of business
53 income subtracted should increase as provided in paragraph (d) of this subdivision.

54 (d) In the first tax year for which the office of administration determines that the
55 sum of the Missouri net individual income tax revenues and the Missouri net corporation
56 income tax revenues received in the preceding fiscal year ending on June thirtieth of such
57 tax year are equal to or greater than the sum of the Missouri net individual income tax
58 revenues and the Missouri net corporation income tax revenues received in the fiscal year
59 ending on June 30, 2010, the percentage of the amount of business income that shall be
60 subtracted under this subsection shall be forty percent, and for all tax years beginning on
61 or after January first following the tax year for which the office of administration makes
62 such determination under this paragraph, the percentage of the amount of business income
63 that shall be subtracted under this subsection shall be fifty percent.

64 (e) Once an increase occurs in the percentage of the amount of business income to
65 be subtracted under this subsection as provided in paragraph (d) of this subdivision, the
66 percentage of the amount subtracted under this subsection shall not be decreased even if
67 the sum of the Missouri net individual income tax revenues and the Missouri net
68 corporation income tax revenues received in any following fiscal year ending on June
69 thirtieth of any following tax year are less than the sum of the Missouri net individual
70 income tax revenues and the Missouri net corporation income tax revenues received in the
71 fiscal year ending on June 30, 2010.

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby
2 imposed upon the Missouri taxable income of corporations in an amount equal to five percent
3 of Missouri taxable income.

4 2. For all tax years beginning on or after September 1, 1993, **but before December 31,**
5 **2011,** a tax is hereby imposed upon the Missouri taxable income of corporations in an amount
6 equal to six and one-fourth percent of Missouri taxable income.

7 3. For the tax year beginning on or after January 1, 2012, **but before December 31,**
8 **2012,** a tax is hereby imposed upon the Missouri taxable income of corporations in an
9 amount equal to five and five-eighths percent of Missouri taxable income.

10 4. For the tax year beginning on or after January 1, 2013, **but before December 31,**
11 **2013,** a tax is hereby imposed upon the Missouri taxable income of corporations in an
12 amount equal to five percent of Missouri taxable income.

13 5. For the tax year beginning on or after January 1, 2014, **but before December 31,**
14 **2014,** a tax is hereby imposed upon the Missouri taxable income of corporations in an
15 amount equal to four and three-eighths percent of Missouri taxable income.

16 **6. (1) For each tax year beginning on or after January 1, 2015, the tax imposed**
17 **upon the Missouri taxable income of corporations shall be in an amount as determined**
18 **under this subsection.**

19 **(2) The office of administration shall compare the sum of the Missouri net**
20 **corporation income tax revenues and the Missouri net individual income tax revenues, as**
21 **reported by the department of revenue, received in the fiscal year ending on June 30, 2010,**
22 **to the sum of the Missouri net corporation income tax revenues and the Missouri net**
23 **individual income tax revenues, as reported by the department of revenue, received in the**
24 **fiscal year ending on June thirtieth of the tax year preceding the tax year for which the**
25 **amount of the tax imposed under this section is being determined under this section. Upon**
26 **the completion of such comparison, the office of administration shall immediately report**
27 **the results of such comparison to the director of the department of revenue.**

28 **(3) If, upon comparison of the sum of the Missouri net corporation income tax**
29 **revenues and the Missouri net individual income tax revenues received as provided in this**
30 **subdivision, the office of administration determines that the sum of the Missouri net**
31 **corporation income tax revenues and the Missouri net individual income tax revenues**
32 **received in the fiscal year ending on June thirtieth of such preceding tax year are less than**
33 **the sum of the Missouri net corporation income tax revenues and the Missouri net**
34 **individual income tax revenues received in the fiscal year ending on June 30, 2010, the**
35 **amount of the tax imposed under this subsection shall remain at an amount equal to four**
36 **and three-eighths percent of Missouri taxable income until such time the office of**
37 **administration determines that the sum of the Missouri net corporation income tax**
38 **revenues and the Missouri net individual income tax revenues received are equal to or**
39 **greater than the sum of the Missouri net corporation income tax revenues and the Missouri**
40 **net individual income tax revenues received in the fiscal year ending on June 30, 2012, and**
41 **the amount of the tax imposed under this subsection should decrease as provided in**
42 **subdivision (4) of this subsection.**

43 **(4) In the first tax year for which the office of administration determines that the**
44 **sum of the Missouri net corporation income tax revenues and the Missouri net individual**
45 **income tax revenues received in the preceding fiscal year ending on June thirtieth of such**
46 **tax year are equal to or greater than the sum of the Missouri net corporation income tax**
47 **revenues and the Missouri net individual income tax revenues received in the fiscal year**
48 **ending on June 30, 2010, the amount of the tax imposed under this subsection shall**
49 **decrease to an amount equal to three and three-fourths percent of Missouri taxable income,**
50 **and for all tax years beginning on or after January first following the tax year for which**
51 **the office of administration makes such determination under this subdivision, the amount**

52 of the tax imposed under this subsection shall be an amount equal to three and one-eighth
53 percent of Missouri taxable income.

54 (5) Once a decrease occurs in the amount of the tax imposed under this subsection
55 as provided in subdivision (4) of this subsection, the amount of the tax imposed under this
56 subsection shall not increase even if the sum of the Missouri net corporation income tax
57 revenues and the Missouri net individual income tax revenues received in any following
58 fiscal year ending on June thirtieth of any following tax year are less than the sum of the
59 Missouri net corporation income tax revenues and the Missouri net individual income tax
60 revenues received in the fiscal year ending on June 30, 2010.

✓