

HB 815 -- CAPITAL GAINS

SPONSOR: Rowden

This bill authorizes a tax deduction for capital gains for investments of at least \$500 but no more than \$1 million in an independently owned and operated Missouri business having 10 or fewer employees.

An individual taxpayer may claim the deduction if the taxpayer is a Missouri resident, does not have an existing financial or ownership interest in the qualified business, is not a current or former employee or a relative within the second degree by blood or marriage to an employee of the qualified business.

A firm, corporation, or partnership with its primary location in Missouri may claim the deduction as long as any partner, shareholder, officer, employee, or member is not a current or former employee of the qualified business and is not a relative within the second degree by blood or marriage to any employee of the qualified business.

The taxpayer must reinvest the deduction in another qualified business within 18 months from the date the deduction was claimed. If the taxpayer fails to reinvest all of the amount within the 18 month time period the taxpayer must immediately submit a payment to the General Revenue Fund in the amount of the deduction not reinvested plus an additional amount that will allow the state a reasonable rate of return.

The Department of Economic Development will track and verify all investments and claims and along with the Department of Revenue must establish the rules and regulations for this section.