

(Revised 7-25-2011)

SS#2 SCS HCS HB 444, 217, 225, 239, 243, 297, 402 & 172 -- INCOME TAXATION

Beginning January 1, 2007, this bill authorizes an income tax deduction to be phased in over six years for Social Security benefits, Social Security disability benefits, and benefits received from a nonprivate retirement system for individuals 62 years of age or older. For 2007, a taxpayer can deduct 20% of his or her Social Security benefits; for 2008, 35%; for 2009, 50%; for 2010, 65%; for 2011, 80%; and for 2012 and thereafter, 100%. A single taxpayer with an adjusted gross income of \$85,000 or less or a married taxpayer filing a combined return with an adjusted gross income of \$100,000 or less will qualify for the maximum deduction. If a taxpayer's adjusted gross income exceeds the income amount, the deduction will be decreased by \$1 for every dollar in excess of the maximum. If a taxpayer receives both Social Security benefits and public retirement benefits, the maximum deduction for the publicly funded retirement benefits will be decreased by \$1 for every dollar of Social Security benefits received by the taxpayer if the benefits are not included in his or her Missouri adjusted gross income. The maximum deduction for the publicly funded retirement benefits is limited to the maximum Social Security benefits available for the tax year less any Social Security benefits not taxable to Missouri.

A nonresident individual is required to add back to his or her federal adjusted gross income the amount of any property taxes paid to another state that is deducted on his or her federal tax return to determine his or her Missouri taxable income.

The bill also authorizes an income tax deduction for 100% of the qualified health insurance premiums paid by the taxpayer for the taxpayer, taxpayer's spouse, and taxpayer's dependents if the premiums are not already deducted from the taxpayer's federal taxable income.

Beginning January 1, 2008, the bill authorizes an individual or corporation to designate at least \$1 on a Missouri individual return or at least \$2 on a combined return of his or her tax refund amount to the After-school Retreat Reading and Assessment Grant Program Fund. A taxpayer may also donate to the fund by sending a separate check with the payment of his or her taxes.

The provisions of the bill regarding the After-school Retreat Reading and Assessment Grant Program Fund will expire six years from the effective date.