

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1661**  
**96TH GENERAL ASSEMBLY**

5684L.02T

2012

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**AN ACT**

To repeal section 143.173, RSMo, and to enact in lieu thereof one new section relating to tax deductions for job creation by small businesses.

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

Section A. Section 143.173, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.173, to read as follows:

143.173. 1. As used in this section, the following terms mean:

- (1) "County average wage", the average wages in each county as determined by the department of economic development for the most recently completed full calendar year. However, if the computed county average wage is above the statewide average wage, the statewide average wage shall be deemed the county average wage for such county for the purpose of this section;
- (2) "Deduction", an amount subtracted from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income, or federal taxable income in the case of a corporation, for the tax year in which such deduction is claimed;
- (3) "Full-time employee", a position in which the employee is considered full-time by the taxpayer and is required to work an average of at least thirty-five hours per week for a fifty-two week period;
- (4) "New job", the number of full-time employees employed by the small business in Missouri on the qualifying date that exceeds the number of full-time employees employed by the small business in Missouri on the same date of the immediately preceding taxable year;
- (5) "Qualifying date", any date during the tax year as chosen by the small business;

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 (6) "Small business", any small business, **including any sole proprietorship,**  
18 **partnership, S-corporation, C-corporation, limited liability company, limited liability**  
19 **partnership, or other business entity**, consisting of fewer than fifty full or part-time  
20 employees;

21 (7) "Taxpayer", any small business subject to the income tax imposed in this chapter,  
22 **including any sole proprietorship, partnership, S-corporation, C-corporation, limited**  
23 **liability company, limited liability partnership, or other business entity.**

24 2. In addition to all deductions listed in this chapter, for all taxable years beginning on  
25 or after January 1, 2011, and ending on or before December 31, 2014, a taxpayer shall be allowed  
26 a deduction for each new job created by the small business in the taxable year. **Tax deductions**  
27 **allowed to any partnership, limited liability company, S-corporation, or other pass-through**  
28 **entity may be allocated to the partners, members, or shareholders of such entity for their**  
29 **direct use in accordance with the provisions of any agreement among such partners,**  
30 **members, or shareholders.** The deduction amount shall be as follows:

31 (1) Ten thousand dollars for each new job created with an annual salary of at least the  
32 county average wage; or

33 (2) Twenty thousand dollars for each new job created with an annual salary of at least  
34 the county average wage if the small business offers health insurance and pays at least fifty  
35 percent of such insurance premiums.

36 3. The department of revenue shall establish the procedure by which the deduction  
37 provided in this section may be claimed, and may promulgate rules to implement the provisions  
38 of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is  
39 created under the authority delegated in this section shall become effective only if it complies  
40 with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.  
41 This section and chapter 536 are nonseverable and if any of the powers vested with the general  
42 assembly under chapter 536 to review, to delay the effective date, or to disapprove and annul a  
43 rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule  
44 proposed or adopted after August 28, 2011, shall be invalid and void.

45 4. Under section 23.253 of the Missouri sunset act:

46 (1) The provisions of the new program authorized under this section shall automatically  
47 sunset on December thirty-first three years after August 28, 2011, unless reauthorized by an act  
48 of the general assembly; and

49 (2) If such program is reauthorized, the program authorized under this section shall  
50 automatically sunset on December thirty-first three years after the effective date of the  
51 reauthorization of this section; and

52           (3) This section shall terminate on September first of the calendar year immediately  
53 following the calendar year in which the program authorized under this section is sunset.

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