

FIRST REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 703**  
100TH GENERAL ASSEMBLY

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Reported from the Committee on Ways and Means, May 8, 2019, with recommendation that the Senate Committee Substitute do pass.

1681S.03C

ADRIANE D. CROUSE, Secretary.

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**AN ACT**

To repeal sections 143.071, 143.121, 143.451, and 143.461, RSMo, and to enact in lieu thereof five new sections relating to income taxes.

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

Section A. Sections 143.071, 143.121, 143.451, and 143.461, RSMo, are  
2 repealed and five new sections enacted in lieu thereof, to be known as sections  
3 143.071, 143.121, 143.451, 143.461, and 143.1028, to read as follows:

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

4 2. For all tax years beginning on or after September 1, 1993, and [ending]  
5 **beginning** on or before December 31, 2019, a tax is hereby imposed upon the  
6 Missouri taxable income of corporations in an amount equal to six and one-fourth  
7 percent of Missouri taxable income.

8 3. For all tax years beginning on or after January 1, 2020, a tax is hereby  
9 imposed upon the Missouri taxable income of corporations in an amount equal to  
10 four percent of Missouri taxable income.

11 4. The provisions of this section shall not apply to out-of-state businesses  
12 operating under sections 190.270 to 190.285.

143.121. 1. The Missouri adjusted gross income of a resident individual  
2 shall be the taxpayer's federal adjusted gross income subject to the modifications  
3 in this section.

4 2. There shall be added to the taxpayer's federal adjusted gross income:

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

5           (1) The amount of any federal income tax refund received for a prior year  
6 which resulted in a Missouri income tax benefit;

7           (2) Interest on certain governmental obligations excluded from federal  
8 gross income by Section 103 of the Internal Revenue Code. The previous sentence  
9 shall not apply to interest on obligations of the state of Missouri or any of its  
10 political subdivisions or authorities and shall not apply to the interest described  
11 in subdivision (1) of subsection 3 of this section. The amount added pursuant to  
12 this subdivision shall be reduced by the amounts applicable to such interest that  
13 would have been deductible in computing the taxable income of the taxpayer  
14 except only for the application of Section 265 of the Internal Revenue Code. The  
15 reduction shall only be made if it is at least five hundred dollars;

16           (3) The amount of any deduction that is included in the computation of  
17 federal taxable income pursuant to Section 168 of the Internal Revenue Code as  
18 amended by the Job Creation and Worker Assistance Act of 2002 to the extent the  
19 amount deducted relates to property purchased on or after July 1, 2002, but  
20 before July 1, 2003, and to the extent the amount deducted exceeds the amount  
21 that would have been deductible pursuant to Section 168 of the Internal Revenue  
22 Code of 1986 as in effect on January 1, 2002;

23           (4) The amount of any deduction that is included in the computation of  
24 federal taxable income for net operating loss allowed by Section 172 of the  
25 Internal Revenue Code of 1986, as amended, other than the deduction allowed by  
26 Section 172(b)(1)(G) and Section 172(i) of the Internal Revenue Code of 1986, as  
27 amended, for a net operating loss the taxpayer claims in the tax year in which the  
28 net operating loss occurred or carries forward for a period of more than twenty  
29 years and carries backward for more than two years. Any amount of net  
30 operating loss taken against federal taxable income but disallowed for Missouri  
31 income tax purposes pursuant to this subdivision after June 18, 2002, may be  
32 carried forward and taken against any income on the Missouri income tax return  
33 for a period of not more than twenty years from the year of the initial loss; and

34           (5) For nonresident individuals in all taxable years ending on or after  
35 December 31, 2006, the amount of any property taxes paid to another state or a  
36 political subdivision of another state for which a deduction was allowed on such  
37 nonresident's federal return in the taxable year unless such state, political  
38 subdivision of a state, or the District of Columbia allows a subtraction from  
39 income for property taxes paid to this state for purposes of calculating income for  
40 the income tax for such state, political subdivision of a state, or the District of

41 Columbia.

42 **(6) For all tax years beginning on or after January 1, 2018, any**  
43 **interest expense paid or accrued in a previous taxable year, but**  
44 **allowed as a deduction under 26 U.S.C. 163, as amended, in the current**  
45 **taxable year by reason of the carryforward of disallowed business**  
46 **interest provisions of 26 U.S.C. 163(j), as amended. For the purposes of**  
47 **this subdivision, an interest expense is considered paid or accrued only**  
48 **in the first taxable year the deduction would have been allowable**  
49 **under 26 U.S.C. 163, as amended, if the limitation under 26 U.S.C. 163(j),**  
50 **as amended, did not exist.**

51 3. There shall be subtracted from the taxpayer's federal adjusted gross  
52 income the following amounts to the extent included in federal adjusted gross  
53 income:

54 (1) Interest or dividends on obligations of the United States and its  
55 territories and possessions or of any authority, commission or instrumentality of  
56 the United States to the extent exempt from Missouri income taxes pursuant to  
57 the laws of the United States. The amount subtracted pursuant to this  
58 subdivision shall be reduced by any interest on indebtedness incurred to carry the  
59 described obligations or securities and by any expenses incurred in the production  
60 of interest or dividend income described in this subdivision. The reduction in the  
61 previous sentence shall only apply to the extent that such expenses including  
62 amortizable bond premiums are deducted in determining the taxpayer's federal  
63 adjusted gross income or included in the taxpayer's Missouri itemized  
64 deduction. The reduction shall only be made if the expenses total at least five  
65 hundred dollars;

66 (2) The portion of any gain, from the sale or other disposition of property  
67 having a higher adjusted basis to the taxpayer for Missouri income tax purposes  
68 than for federal income tax purposes on December 31, 1972, that does not exceed  
69 such difference in basis. If a gain is considered a long-term capital gain for  
70 federal income tax purposes, the modification shall be limited to one-half of such  
71 portion of the gain;

72 (3) The amount necessary to prevent the taxation pursuant to this chapter  
73 of any annuity or other amount of income or gain which was properly included in  
74 income or gain and was taxed pursuant to the laws of Missouri for a taxable year  
75 prior to January 1, 1973, to the taxpayer, or to a decedent by reason of whose  
76 death the taxpayer acquired the right to receive the income or gain, or to a trust

77 or estate from which the taxpayer received the income or gain;

78 (4) Accumulation distributions received by a taxpayer as a beneficiary of  
79 a trust to the extent that the same are included in federal adjusted gross income;

80 (5) The amount of any state income tax refund for a prior year which was  
81 included in the federal adjusted gross income;

82 (6) The portion of capital gain specified in section 135.357 that would  
83 otherwise be included in federal adjusted gross income;

84 (7) The amount that would have been deducted in the computation of  
85 federal taxable income pursuant to Section 168 of the Internal Revenue Code as  
86 in effect on January 1, 2002, to the extent that amount relates to property  
87 purchased on or after July 1, 2002, but before July 1, 2003, and to the extent that  
88 amount exceeds the amount actually deducted pursuant to Section 168 of the  
89 Internal Revenue Code as amended by the Job Creation and Worker Assistance  
90 Act of 2002;

91 (8) For all tax years beginning on or after January 1, 2005, the amount  
92 of any income received for military service while the taxpayer serves in a combat  
93 zone which is included in federal adjusted gross income and not otherwise  
94 excluded therefrom. As used in this section, "combat zone" means any area which  
95 the President of the United States by Executive Order designates as an area in  
96 which Armed Forces of the United States are or have engaged in combat. Service  
97 is performed in a combat zone only if performed on or after the date designated  
98 by the President by Executive Order as the date of the commencing of combat  
99 activities in such zone, and on or before the date designated by the President by  
100 Executive Order as the date of the termination of combatant activities in such  
101 zone;

102 (9) For all tax years ending on or after July 1, 2002, with respect to  
103 qualified property that is sold or otherwise disposed of during a taxable year by  
104 a taxpayer and for which an additional modification was made under subdivision  
105 (3) of subsection 2 of this section, the amount by which additional modification  
106 made under subdivision (3) of subsection 2 of this section on qualified property  
107 has not been recovered through the additional subtractions provided in  
108 subdivision (7) of this subsection; [and]

109 (10) For all tax years beginning on or after January 1, 2014, the amount  
110 of any income received as payment from any program which provides  
111 compensation to agricultural producers who have suffered a loss as the result of  
112 a disaster or emergency, including the:

- 113 (a) Livestock Forage Disaster Program;  
114 (b) Livestock Indemnity Program;  
115 (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised  
116 Fish;  
117 (d) Emergency Conservation Program;  
118 (e) Noninsured Crop Disaster Assistance Program;  
119 (f) Pasture, Rangeland, Forage Pilot Insurance Program;  
120 (g) Annual Forage Pilot Program;  
121 (h) Livestock Risk Protection Insurance Plan; and  
122 (i) Livestock Gross Margin insurance plan; **and**

123 **(11) For all tax years beginning on or after January 1, 2018, any**  
124 **interest expense paid or accrued in the current taxable year, but not**  
125 **deducted as a result of the limitation imposed under 26 U.S.C. 163(j), as**  
126 **amended. For the purposes of this subdivision, an interest expense is**  
127 **considered paid or accrued only in the first taxable year the deduction**  
128 **would have been allowable under 26 U.S.C. 163, as amended, if the**  
129 **limitation under 26 U.S.C. 163(j), as amended, did not exist. A taxpayer**  
130 **may file an amended return to adjust the taxpayer's federal adjusted**  
131 **gross income under the provisions of this subdivision.**

132 4. There shall be added to or subtracted from the taxpayer's federal  
133 adjusted gross income the taxpayer's share of the Missouri fiduciary adjustment  
134 provided in section 143.351.

135 5. There shall be added to or subtracted from the taxpayer's federal  
136 adjusted gross income the modifications provided in section 143.411.

137 6. In addition to the modifications to a taxpayer's federal adjusted gross  
138 income in this section, to calculate Missouri adjusted gross income there shall be  
139 subtracted from the taxpayer's federal adjusted gross income any gain recognized  
140 pursuant to Section 1033 of the Internal Revenue Code of 1986, as amended,  
141 arising from compulsory or involuntary conversion of property as a result of  
142 condemnation or the imminence thereof.

143 7. (1) As used in this subsection, "qualified health insurance premium"  
144 means the amount paid during the tax year by such taxpayer for any insurance  
145 policy primarily providing health care coverage for the taxpayer, the taxpayer's  
146 spouse, or the taxpayer's dependents.

147 (2) In addition to the subtractions in subsection 3 of this section, one  
148 hundred percent of the amount of qualified health insurance premiums shall be

149 subtracted from the taxpayer's federal adjusted gross income to the extent the  
150 amount paid for such premiums is included in federal taxable income. The  
151 taxpayer shall provide the department of revenue with proof of the amount of  
152 qualified health insurance premiums paid.

153       8. (1) Beginning January 1, 2014, in addition to the subtractions provided  
154 in this section, one hundred percent of the cost incurred by a taxpayer for a home  
155 energy audit conducted by an entity certified by the department of natural  
156 resources under section 640.153 or the implementation of any energy efficiency  
157 recommendations made in such an audit shall be subtracted from the taxpayer's  
158 federal adjusted gross income to the extent the amount paid for any such activity  
159 is included in federal taxable income. The taxpayer shall provide the department  
160 of revenue with a summary of any recommendations made in a qualified home  
161 energy audit, the name and certification number of the qualified home energy  
162 auditor who conducted the audit, and proof of the amount paid for any activities  
163 under this subsection for which a deduction is claimed. The taxpayer shall also  
164 provide a copy of the summary of any recommendations made in a qualified home  
165 energy audit to the department of natural resources.

166       (2) At no time shall a deduction claimed under this subsection by an  
167 individual taxpayer or taxpayers filing combined returns exceed one thousand  
168 dollars per year for individual taxpayers or cumulatively exceed two thousand  
169 dollars per year for taxpayers filing combined returns.

170       (3) Any deduction claimed under this subsection shall be claimed for the  
171 tax year in which the qualified home energy audit was conducted or in which the  
172 implementation of the energy efficiency recommendations occurred. If  
173 implementation of the energy efficiency recommendations occurred during more  
174 than one year, the deduction may be claimed in more than one year, subject to the  
175 limitations provided under subdivision (2) of this subsection.

176       (4) A deduction shall not be claimed for any otherwise eligible activity  
177 under this subsection if such activity qualified for and received any rebate or  
178 other incentive through a state-sponsored energy program or through an electric  
179 corporation, gas corporation, electric cooperative, or municipally owned utility.

180       9. The provisions of subsection 8 of this section shall expire on December  
181 31, 2020.

143.451. 1. Missouri taxable income of a corporation shall include all  
2 income derived from sources within this state.

3       2. For all tax years [ending] **beginning** on or before December 31, 2019,

4 a corporation described in subdivision (1) of subsection 1 of section 143.441 shall  
5 include in its Missouri taxable income all income from sources within this state,  
6 including that from the transaction of business in this state and that from the  
7 transaction of business partly done in this state and partly done in another state  
8 or states. However:

9 (1) Where income results from a transaction partially in this state and  
10 partially in another state or states, and income and deductions of the portion in  
11 the state cannot be segregated, then such portions of income and deductions shall  
12 be allocated in this state and the other state or states as will distribute to this  
13 state a portion based upon the portion of the transaction in this state and the  
14 portion in such other state or states.

15 (2) The taxpayer may elect to compute the portion of income from all  
16 sources in this state in the following manner, or the manner set forth in  
17 subdivision (3) of this subsection:

18 (a) The income from all sources shall be determined as provided,  
19 excluding therefrom the figures for the operation of any bridge connecting this  
20 state with another state.

21 (b) The amount of sales which are transactions wholly in this state shall  
22 be added to one-half of the amount of sales which are transactions partly within  
23 this state and partly without this state, and the amount thus obtained shall be  
24 divided by the total sales or in cases where sales do not express the volume of  
25 business, the amount of business transacted wholly in this state shall be added  
26 to one-half of the amount of business transacted partly in this state and partly  
27 outside this state and the amount thus obtained shall be divided by the total  
28 amount of business transacted, and the net income shall be multiplied by the  
29 fraction thus obtained, to determine the proportion of income to be used to arrive  
30 at the amount of Missouri taxable income. The investment or reinvestment of its  
31 own funds, or sale of any such investment or reinvestment, shall not be  
32 considered as sales or other business transacted for the determination of said  
33 fraction.

34 (c) For the purposes of this subdivision, a transaction involving the sale  
35 of tangible property is:

36 a. "Wholly in this state" if both the seller's shipping point and the  
37 purchaser's destination point are in this state;

38 b. "Partly within this state and partly without this state" if the seller's  
39 shipping point is in this state and the purchaser's destination point is outside

40 this state, or the seller's shipping point is outside this state and the purchaser's  
41 destination point is in this state;

42 c. Not "wholly in this state" or not "partly within this state and partly  
43 without this state" only if both the seller's shipping point and the purchaser's  
44 destination point are outside this state.

45 (d) For purposes of this subdivision:

46 a. The purchaser's destination point shall be determined without regard  
47 to the FOB point or other conditions of the sale; and

48 b. The seller's shipping point is determined without regard to the location  
49 of the seller's principle office or place of business.

50 (3) The taxpayer may elect to compute the portion of income from all  
51 sources in this state in the following manner:

52 (a) The income from all sources shall be determined as provided,  
53 excluding therefrom the figures for the operation of any bridge connecting this  
54 state with another state;

55 (b) The amount of sales which are transactions in this state shall be  
56 divided by the total sales, and the net income shall be multiplied by the fraction  
57 thus obtained, to determine the proportion of income to be used to arrive at the  
58 amount of Missouri taxable income. The investment or reinvestment of its own  
59 funds, or sale of any such investment or reinvestment, shall not be considered as  
60 sales or other business transacted for the determination of said fraction;

61 (c) For the purposes of this subdivision, a transaction involving the sale  
62 of tangible property is:

63 a. "In this state" if the purchaser's destination point is in this state;

64 b. Not "in this state" if the purchaser's destination point is outside this  
65 state;

66 (d) For purposes of this subdivision, the purchaser's destination point  
67 shall be determined without regard to the FOB point or other conditions of the  
68 sale and shall not be in this state if the purchaser received the tangible personal  
69 property from the seller in this state for delivery to the purchaser's location  
70 outside this state;

71 (e) For the purposes of this subdivision, a transaction involving the sale  
72 other than the sale of tangible property is "in this state" if the taxpayer's market  
73 for the sales is in this state. The taxpayer's market for sales is in this state:

74 a. In the case of sale, rental, lease, or license of real property, if and to  
75 the extent the property is located in this state;



76           b. In the case of rental, lease, or license of tangible personal property, if  
77 and to the extent the property is located in this state;

78           c. In the case of sale of a service, if and to the extent the ultimate  
79 beneficiary of the service is located in this state and shall not be in this state if  
80 the ultimate beneficiary of the service rendered by the taxpayer or the taxpayer's  
81 designee is located outside this state; and

82           d. In the case of intangible property:

83           (i) That is rented, leased, or licensed, if and to the extent the property is  
84 used in this state by the rentee, lessee, or licensee, provided that intangible  
85 property utilized in marketing a good or service to a consumer is "used in this  
86 state" if that good or service is purchased by a consumer who is in this  
87 state. Franchise fees or royalties received for the rent, lease, license, or use of a  
88 trade name, trademark, service mark, or franchise system or provides a right to  
89 conduct business activity in a specific geographic area are "used in this state" to  
90 the extent the franchise location is in this state; and

91           (ii) That is sold, if and to the extent the property is used in this state,  
92 provided that:

93           i. A contract right, government license, or similar intangible property that  
94 authorizes the holder to conduct a business activity in a specific geographic area  
95 is "used in this state" if the geographic area includes all or part of this state;

96           ii. Receipts from intangible property sales that are contingent on the  
97 productivity, use, or disposition of the intangible property shall be treated as  
98 receipts from the rental, lease, or licensing of such intangible property under item  
99 (i) of this subparagraph; and

100           iii. All other receipts from a sales of intangible property shall be excluded  
101 from the numerator and denominator of the sales factor;

102           (f) If the state or states of assignment under paragraph (e) of this  
103 subdivision cannot be determined, the state or states of assignment shall be  
104 reasonably approximated;

105           (g) If the state of assignment cannot be determined under paragraph (e)  
106 of this subdivision or reasonably approximated under paragraph (f) of this  
107 subdivision, such sales shall be excluded from the denominator of the sales factor;

108           (h) The director may prescribe such rules and regulations as necessary or  
109 appropriate to carry out the purposes of this section.

110           (4) For purposes of this subsection, the following words shall, unless the  
111 context otherwise requires, have the following meaning:

112 (a) "Administration services" include, but are not limited to, clerical, fund  
113 or shareholder accounting, participant record keeping, transfer agency,  
114 bookkeeping, data processing, custodial, internal auditing, legal and tax services  
115 performed for an investment company;

116 (b) "Affiliate", the meaning as set forth in 15 U.S.C. Section 80a-2(a)(3)(C),  
117 as may be amended from time to time;

118 (c) "Distribution services" include, but are not limited to, the services of  
119 advertising, servicing, marketing, underwriting or selling shares of an investment  
120 company, but, in the case of advertising, servicing or marketing shares, only  
121 where such service is performed by a person who is, or in the case of a closed end  
122 company, was, either engaged in the services of underwriting or selling  
123 investment company shares or affiliated with a person that is engaged in the  
124 service of underwriting or selling investment company shares. In the case of an  
125 open end company, such service of underwriting or selling shares must be  
126 performed pursuant to a contract entered into pursuant to 15 U.S.C. Section  
127 80a-15(b), as from time to time amended;

128 (d) "Investment company", any person registered under the federal  
129 Investment Company Act of 1940, as amended from time to time, (the act) or a  
130 company which would be required to register as an investment company under  
131 the act except that such person is exempt to such registration pursuant to Section  
132 80a-3(c)(1) of the act;

133 (e) "Investment funds service corporation" includes any corporation or S  
134 corporation doing business in the state which derives more than fifty percent of  
135 its gross income in the ordinary course of business from the provision directly or  
136 indirectly of management, distribution or administration services to or on behalf  
137 of an investment company or from trustees, sponsors and participants of employee  
138 benefit plans which have accounts in an investment company. An investment  
139 funds service corporation shall include any corporation or S corporation providing  
140 management services as an investment advisory firm registered under Section  
141 203 of the Investment Advisors Act of 1940, as amended from time to time,  
142 regardless of the percentage of gross revenues consisting of fees from  
143 management services provided to or on behalf of an investment company;

144 (f) "Management services" include but are not limited to, the rendering of  
145 investment advice directly or indirectly to an investment company making  
146 determinations as to when sales and purchases of securities are to be made on  
147 behalf of the investment company, or the selling or purchasing of securities

148 constituting assets of an investment company, and related activities, but only  
149 where such activity or activities are performed:

150 a. Pursuant to a contract with the investment company entered into  
151 pursuant to 15 U.S.C. Section 80a-15(a), as from time to time amended;

152 b. For a person that has entered into such contract with the investment  
153 company; or

154 c. For a person that is affiliated with a person that has entered into such  
155 contract with an investment company;

156 (g) "Qualifying sales", gross income derived from the provision directly or  
157 indirectly of management, distribution or administration services to or on behalf  
158 of an investment company or from trustees, sponsors and participants of employee  
159 benefit plans which have accounts in an investment company. For purposes of  
160 this section, "gross income" is defined as that amount of income earned from  
161 qualifying sources without deduction of expenses related to the generation of such  
162 income;

163 (h) "Residence", presumptively the fund shareholder's mailing address on  
164 the records of the investment company. If, however, the investment company or  
165 the investment funds service corporation has actual knowledge that the fund  
166 shareholder's primary residence or principal place of business is different than  
167 the fund shareholder's mailing address such presumption shall not control. To  
168 the extent an investment funds service corporation does not have access to the  
169 records of the investment company, the investment funds service corporation may  
170 employ reasonable methods to determine the investment company fund  
171 shareholder's residence.

172 (5) Notwithstanding other provisions of law to the contrary, qualifying  
173 sales of an investment funds service corporation, or S corporation, shall be  
174 considered wholly in this state only to the extent that the fund shareholders of  
175 the investment companies, to which the investment funds service corporation, or  
176 S corporation, provide services, are resided in this state. Wholly in this state  
177 qualifying sales of an investment funds service corporation, or S corporation, shall  
178 be determined as follows:

179 (a) By multiplying the investment funds service corporation's total dollar  
180 amount of qualifying sales from services provided to each investment company by  
181 a fraction, the numerator of which shall be the average of the number of shares  
182 owned by the investment company's fund shareholders resided in this state  
183 at the beginning of and at the end of the investment company's taxable year that

184 ends with or within the investment funds service corporation's taxable year, and  
185 the denominator of which shall be the average of the number of shares owned by  
186 the investment company's fund shareholders everywhere at the beginning of and  
187 at the end of the investment company's taxable year that ends with or within the  
188 investment funds service corporation's taxable year;

189 (b) A separate computation shall be made to determine the wholly in this  
190 state qualifying sales from each investment company. The qualifying sales for  
191 each investment company shall be multiplied by the respective percentage of each  
192 fund, as calculated pursuant to paragraph (a) of this subdivision. The product of  
193 this equation shall result in the wholly in this state qualifying sales. The  
194 qualifying sales for each investment company which are not wholly in this state  
195 will be considered wholly without this state;

196 (c) To the extent an investment funds service corporation has sales which  
197 are not qualifying sales, those nonqualified sales shall be apportioned to this  
198 state based on the methodology utilized by the investment funds service  
199 corporation without regard to this subdivision.

200 (6) Notwithstanding the Multistate Tax Compact, sections 32.200 to  
201 32.240, this section, and section 143.461 to the contrary, sales and business  
202 transactions shall not include any intercompany transactions, as that term is  
203 defined under 26 C.F.R. 1.1502 -13, between corporations that file a consolidated  
204 income tax return in this state.

205 3. Any corporation described in subdivision (1) of subsection 1 of section  
206 143.441 organized in this state or granted a permit to operate in this state for the  
207 transportation or care of passengers shall report its gross earnings within the  
208 state on intrastate business and shall also report its gross earnings on all  
209 interstate business done in this state which report shall be subject to inquiry for  
210 the purpose of determining the amount of income to be included in Missouri  
211 taxable income. The previous sentence shall not apply to a railroad.

212 4. A corporation described in subdivision (2) of subsection 1 of section  
213 143.441 shall include in its Missouri taxable income all income arising from all  
214 sources in this state and all income from each transportation service wholly  
215 within this state, from each service where the only lines of such corporation used  
216 are those in this state, and such proportion of revenue from each service where  
217 the facilities of such corporation in this state and in another state or states are  
218 used, as the mileage used over the lines of such corporation in the state shall  
219 bear to the total mileage used over the lines of such corporation. The taxpayer

220 may elect to compute the portion of income from all sources within this state in  
221 the following manner:

222 (1) The income from all sources shall be determined as provided;

223 (2) The amount of investment of such corporation on December thirty-first  
224 of each year in this state in fixed transportation facilities, real estate and  
225 improvements, plus the value on December thirty-first of each year of any fixed  
226 transportation facilities, real estate and improvements in this state leased from  
227 any other railroad shall be divided by the sum of the total amount of investment  
228 of such corporation on December thirty-first of each year in fixed transportation  
229 facilities, real estate and improvements, plus the value on December thirty-first  
230 of each year, of any fixed transportation facilities, real estate and improvements  
231 leased from any other railroad. Where any fixed transportation facilities, real  
232 estate or improvements are leased by more than one railroad, such portion of the  
233 value shall be used by each railroad as the rental paid by each shall bear to the  
234 rental paid by all lessees. The income shall be multiplied by the fraction thus  
235 obtained to determine the proportion to be used to arrive at the amount of  
236 Missouri taxable income.

237 5. A corporation described in subdivision (3) of subsection 1 of section  
238 143.441 shall include in its Missouri taxable income one-half of the net income  
239 from the operation of a bridge between this and another state. If any such bridge  
240 is owned or operated by a railroad corporation or corporations, or by a corporation  
241 owning a railroad corporation using such bridge, then the figures for operation  
242 of such bridge may be included in the return of such railroad or railroads; or if  
243 such bridge is owned or operated by any other corporation which may now or  
244 hereafter be required to file an income tax return, one-half of the income or loss  
245 to such corporation from such bridge may be included in such return by adding  
246 or subtracting same to or from another net income or loss shown by the return.

247 6. A corporation described in subdivision (4) of subsection 1 of section  
248 143.441 shall include in its Missouri taxable income all income arising from all  
249 sources within this state. Income shall include revenue from each telephonic or  
250 telegraphic service rendered wholly within this state; from each service rendered  
251 for which the only facilities of such corporation used are those in this state; and  
252 from each service rendered over the facilities of such corporation in this state and  
253 in other state or states, such proportion of such revenue as the mileage involved  
254 in this state shall bear to the total mileage involved over the lines of said  
255 company in all states. The taxpayer may elect to compute the portion of income

256 from all sources within this state in the following manner:

257 (1) The income from all sources shall be determined as provided;

258 (2) The amount of investment of such corporation on December thirty-first  
259 of each year in this state in telephonic or telegraphic facilities, real estate and  
260 improvements thereon, shall be divided by the amount of the total investment of  
261 such corporation on December thirty-first of each year in telephonic or telegraphic  
262 facilities, real estate and improvements. The income of the taxpayer shall be  
263 multiplied by the fraction thus obtained to determine the proportion to be used  
264 to arrive at the amount of Missouri taxable income.

265 7. From the income determined in subsections 2, 3, 4, 5 and 6 of this  
266 section to be from all sources within this state shall be deducted such of the  
267 deductions for expenses in determining Missouri taxable income as were incurred  
268 in this state to produce such income and all losses actually sustained in this state  
269 in the business of the corporation.

270 8. If a corporation derives only part of its income from sources within  
271 Missouri, its Missouri taxable income shall only reflect the effect of the following  
272 listed deductions to the extent applicable to Missouri. The deductions are: (a)  
273 its deduction for federal income taxes pursuant to section 143.171, and (b) the  
274 effect on Missouri taxable income of the deduction for net operating loss allowed  
275 by Section 172 of the Internal Revenue Code. The extent applicable to Missouri  
276 shall be determined by multiplying the amount that would otherwise affect  
277 Missouri taxable income by the ratio for the year of the Missouri taxable income  
278 of the corporation for the year divided by the Missouri taxable income for the year  
279 as though the corporation had derived all of its income from sources within  
280 Missouri. For the purpose of the preceding sentence, Missouri taxable income  
281 shall not reflect the listed deductions.

282 9. Any investment funds service corporation organized as a corporation  
283 or S corporation which has any shareholders resided in this state shall be  
284 subject to Missouri income tax as provided in this chapter.

285 10. The provisions of this section do not impact any other apportionment  
286 election available to a taxpayer under Missouri statutes unless explicitly stated  
287 in this section.

143.461. 1. A corporation shall elect to determine income applicable to  
2 this state by multiplying the total income from all sources by the fraction  
3 determined in the manner in section 143.451 for all tax years [ending]  
4 **beginning** on or before December 31, 2019, and for all tax years beginning on or

5 [before] **after** January 1, 2020, in the manner set forth in section 143.455; first,  
6 by filing written notice with the director of revenue on or before the due date of  
7 the return (including extensions of time) of the taxpayer's election, or, second, by  
8 failing to keep its books and records in such manner as to show the income  
9 applicable to this state, including gross income and deductions applicable thereto.

10       2. If the corporation shall keep its books and records so as to show the  
11 income applicable to this state by any other method of allocation between this  
12 state and other states, including gross income and deductions applicable thereto,  
13 and such method shows the income applicable to this state, including gross  
14 income and deductions applicable thereto, then it may, on or before sixty days  
15 before the end of any taxable year, petition the director of revenue, in writing, to  
16 be permitted in its return required to be filed to apportion to this state according  
17 to the method shown by such books or records. If the director of revenue finds  
18 that such method does show the income applicable to this state including gross  
19 income and the deductions applicable thereto, he or she shall notify the  
20 corporation, at least thirty days prior to the last day on which such corporation's  
21 return for that taxable year is to be filed, that it may use that method for the  
22 shorter of five years or as long as such method shows the income applicable to  
23 this state, including gross income and deductions applicable thereto.

24       3. The corporation shall cease using such method after the shorter of five  
25 years or whenever the director of revenue finds and notifies such corporation on  
26 or before ninety days before the end of the taxable year, that such method does  
27 not so show. Upon and after such expiration or revocation the corporation shall  
28 be permitted to petition to use the same or another method of allocation that will  
29 show such income including gross income and deductions applicable thereto as  
30 though no petition had ever been filed.

31       4. Failure, after a method has expired or been revoked by the director of  
32 revenue, to submit a method which the director of revenue finds will show such  
33 income applicable to this state including gross income and deductions applicable  
34 thereto, on or before sixty days before the end of any taxable year, or failure to  
35 make a return on the basis, which has been approved by the director of revenue  
36 on petition of the corporation and which stands unrevoked or unexpired, shall  
37 constitute an election to accept the determination of income applicable to this  
38 state by multiplying the total income from all sources by the fraction determined  
39 in the manner set forth in section 143.451 for all tax years [ending] **beginning**  
40 on or before December 31, 2019, and for all tax years beginning on or

41 [before] after January 1, 2020, in the manner set forth in section 143.455.

143.1028. 1. For all tax years beginning on or after January 1,  
2 2019, and ending before January 1, 2024, each individual or corporation  
3 entitled to a tax refund in an amount sufficient to make a designation  
4 under this section may designate that one dollar or any amount in  
5 excess of one dollar on a single return, or two dollars or any amount in  
6 excess of two dollars on a combined return, of the refund due be  
7 credited to the Kansas City Regional Law Enforcement Memorial  
8 Foundation Fund, hereinafter referred to as the fund. The contribution  
9 designation authorized by this section shall be clearly and  
10 unambiguously printed on the first page of each income tax return form  
11 provided by this state. If any individual or corporation that is not  
12 entitled to a tax refund in an amount sufficient to make a designation  
13 under this section wishes to make a contribution to the foundation,  
14 such individual or corporation may, by separate check, draft, or other  
15 negotiable instrument, send in with the payment of taxes, or may send  
16 in separately, that amount the individual wishes to contribute. Such  
17 amounts shall be clearly designated for the fund.

18 2. There is hereby created in the state treasury the "Kansas City  
19 Regional Law Enforcement Memorial Foundation Fund", which shall  
20 consist of moneys collected under this section. The state treasurer  
21 shall be custodian of the fund. In accordance with sections 30.170 and  
22 30.180, the state treasurer may approve disbursements. The fund shall  
23 be a dedicated fund and, upon appropriation, moneys in this fund shall  
24 be used solely for the administration of this section. The state  
25 treasurer shall invest moneys in the fund in the same manner as other  
26 funds are invested. Any interest and moneys earned on such  
27 investments shall be credited to the fund. The director of the  
28 department of revenue shall establish a procedure by which the moneys  
29 deposited in the fund shall be distributed at least monthly to the  
30 Kansas City Regional Law Enforcement Memorial Foundation.

31 3. The director of revenue shall deposit at least monthly all  
32 contributions designated by individuals and corporations under this  
33 section, less an amount sufficient to cover the costs of collection and  
34 handling by the department of revenue, to the state treasurer for  
35 deposit to the fund. A contribution designated under this section shall  
36 only be deposited in the fund after all other claims against the refund



37 **from which such contribution is to be made have been satisfied.**

38 **4. By December 31, 2024, the director of revenue shall make a**  
39 **final determination of moneys collected, shall distribute any remaining**  
40 **funds to the Kansas City Regional Law Enforcement Memorial**  
41 **Foundation, and shall close the fund.**

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