SECOND REGULAR SESSION
[CORRECTED]
[TRULY AGREED TO AND FINALLY PASSED]
HOUSE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 676
100TH GENERAL ASSEMBLY
2020

AN ACT

To repeal sections 137.115, 137.385, 138.060, 138.090, 143.121, 143.171, and 143.991, RSMo, and to enact in lieu thereof eight new sections relating to taxation.

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

Section A. Sections 137.115, 137.385, 138.060, 138.090, 143.121, 143.171, 143.991, RSMo, are repealed and eight new sections enacted in lieu thereof, to be known as sections 137.115, 137.385, 138.060, 138.090, 143.121, 143.171, 143.425, and 143.991, to read as follows:

137.115. 1. All other laws to the contrary notwithstanding, the assessor or the assessor's deputies in all counties of this state including the City of St. Louis shall annually make a list of all real and tangible personal property taxable in the assessor's city, county, town or district. Except as otherwise provided in subsection 3 of this section and section 137.078, the assessor shall annually assess all personal property at thirty-three and one-third percent of its true value in money as of January first of each calendar year. The assessor shall annually assess all real property, including any new construction and improvements to real property, and possessory interests in real property at the percent of its true value in money set in subsection 5 of this section. The true value in money of any possessory interest in real property in subclass (3), where such real property is on or lies within the ultimate airport boundary as shown by a federal airport layout plan, as defined by 14 CFR 151.5, of a commercial airport having a FAR Part 139 certification and owned by a political subdivision, shall be the otherwise applicable true value in money of any such possessory interest in real property,

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.
less the total dollar amount of costs paid by a party, other than the political
subdivision, towards any new construction or improvements on such real property
completed after January 1, 2008, and which are included in the above-mentioned
possessory interest, regardless of the year in which such costs were incurred or
whether such costs were considered in any prior year. The assessor shall
annually assess all real property in the following manner: new assessed values
shall be determined as of January first of each odd-numbered year and shall be
entered in the assessor's books; those same assessed values shall apply in the
following even-numbered year, except for new construction and property
improvements which shall be valued as though they had been completed as of
January first of the preceding odd-numbered year. The assessor may call at the
office, place of doing business, or residence of each person required by this
chapter to list property, and require the person to make a correct statement of all
taxable tangible personal property owned by the person or under his or her care,
charge or management, taxable in the county. On or before January first of each
even-numbered year, the assessor shall prepare and submit a two-year
assessment maintenance plan to the county governing body and the state tax
commission for their respective approval or modification. The county governing
body shall approve and forward such plan or its alternative to the plan to the
state tax commission by February first. If the county governing body fails to
forward the plan or its alternative to the plan to the state tax commission by
February first, the assessor's plan shall be considered approved by the county
governing body. If the state tax commission fails to approve a plan and if the
state tax commission and the assessor and the governing body of the county
involved are unable to resolve the differences, in order to receive state cost-share
funds outlined in section 137.750, the county or the assessor shall petition the
administrative hearing commission, by May first, to decide all matters in dispute
regarding the assessment maintenance plan. Upon agreement of the parties, the
matter may be stayed while the parties proceed with mediation or arbitration
upon terms agreed to by the parties. The final decision of the administrative
hearing commission shall be subject to judicial review in the circuit court of the
county involved. In the event a valuation of subclass (1) real property within any
county with a charter form of government, or within a city not within a county,
is made by a computer, computer-assisted method or a computer program, the
burden of proof, supported by clear, convincing and cogent evidence to sustain
such valuation, shall be on the assessor at any hearing or appeal. In any such
county, unless the assessor proves otherwise, there shall be a presumption that
the assessment was made by a computer, computer-assisted method or a
computer program. Such evidence shall include, but shall not be limited to, the
following:

(1) The findings of the assessor based on an appraisal of the property by
generally accepted appraisal techniques; and

(2) The purchase prices from sales of at least three comparable properties
and the address or location thereof. As used in this subdivision, the word
"comparable" means that:

(a) Such sale was closed at a date relevant to the property valuation; and

(b) Such properties are not more than one mile from the site of the
disputed property, except where no similar properties exist within one mile of the
disputed property, the nearest comparable property shall be used. Such property
shall be within five hundred square feet in size of the disputed property, and
resemble the disputed property in age, floor plan, number of rooms, and other
relevant characteristics.

2. Assessors in each county of this state and the City of St. Louis may
send personal property assessment forms through the mail.

3. The following items of personal property shall each constitute separate
subclasses of tangible personal property and shall be assessed and valued for the
purposes of taxation at the following percentages of their true value in money:

(1) Grain and other agricultural crops in an unmanufactured condition,
one-half of one percent;

(2) Livestock, twelve percent;

(3) Farm machinery, twelve percent;

(4) Motor vehicles which are eligible for registration as and are registered
as historic motor vehicles pursuant to section 301.131 and aircraft which are at
least twenty-five years old and which are used solely for noncommercial purposes
and are operated less than fifty hours per year or aircraft that are home built
from a kit, five percent;

(5) Poultry, twelve percent; and

(6) Tools and equipment used for pollution control and tools and
equipment used in retooling for the purpose of introducing new product lines or
used for making improvements to existing products by any company which is
located in a state enterprise zone and which is identified by any standard
industrial classification number cited in subdivision (5) of section 135.200,
twenty-five percent.

4. The person listing the property shall enter a true and correct statement of the property, in a printed blank prepared for that purpose. The statement, after being filled out, shall be signed and either affirmed or sworn to as provided in section 137.155. The list shall then be delivered to the assessor.

5. (1) All subclasses of real property, as such subclasses are established in Section 4(b) of Article X of the Missouri Constitution and defined in section 137.016, shall be assessed at the following percentages of true value:

   (a) For real property in subclass (1), nineteen percent;
   (b) For real property in subclass (2), twelve percent; and
   (c) For real property in subclass (3), thirty-two percent.

   (2) A taxpayer may apply to the county assessor, or, if not located within a county, then the assessor of such city, for the reclassification of such taxpayer's real property if the use or purpose of such real property is changed after such property is assessed under the provisions of this chapter. If the assessor determines that such property shall be reclassified, he or she shall determine the assessment under this subsection based on the percentage of the tax year that such property was classified in each subclassification.

6. Manufactured homes, as defined in section 700.010, which are actually used as dwelling units shall be assessed at the same percentage of true value as residential real property for the purpose of taxation. The percentage of assessment of true value for such manufactured homes shall be the same as for residential real property. If the county collector cannot identify or find the manufactured home when attempting to attach the manufactured home for payment of taxes owed by the manufactured home owner, the county collector may request the county commission to have the manufactured home removed from the tax books, and such request shall be granted within thirty days after the request is made; however, the removal from the tax books does not remove the tax lien on the manufactured home if it is later identified or found. For purposes of this section, a manufactured home located in a manufactured home rental park, rental community or on real estate not owned by the manufactured home owner shall be considered personal property. For purposes of this section, a manufactured home located on real estate owned by the manufactured home owner may be considered real property.

7. Each manufactured home assessed shall be considered a parcel for the purpose of reimbursement pursuant to section 137.750, unless the manufactured
home is real estate as defined in subsection 7 of section 442.015 and assessed as
a realty improvement to the existing real estate parcel.

8. Any amount of tax due and owing based on the assessment of a
manufactured home shall be included on the personal property tax statement of
the manufactured home owner unless the manufactured home is real estate as
defined in subsection 7 of section 442.015, in which case the amount of tax due
and owing on the assessment of the manufactured home as a realty improvement
to the existing real estate parcel shall be included on the real property tax
statement of the real estate owner.

9. The assessor of each county and each city not within a county shall use
the trade-in value published in the October issue of the National Automobile
Dealers' Association Official Used Car Guide, or its successor publication, as the
recommended guide of information for determining the true value of motor
vehicles described in such publication. The assessor shall not use a value that
is greater than the average trade-in value in determining the true value of the
motor vehicle without performing a physical inspection of the motor vehicle. For
vehicles two years old or newer from a vehicle's model year, the assessor may use
a value other than average without performing a physical inspection of the motor
vehicle. In the absence of a listing for a particular motor vehicle in such
publication, the assessor shall use such information or publications which in the
assessor's judgment will fairly estimate the true value in money of the motor
vehicle.

10. Before the assessor may increase the assessed valuation of any parcel
of subclass (1) real property by more than fifteen percent since the last
assessment, excluding increases due to new construction or improvements, the
assessor shall conduct a physical inspection of such property.

11. If a physical inspection is required, pursuant to subsection 10 of this
section, the assessor shall notify the property owner of that fact in writing and
shall provide the owner clear written notice of the owner's rights relating to the
physical inspection. If a physical inspection is required, the property owner may
request that an interior inspection be performed during the physical
inspection. The owner shall have no less than thirty days to notify the assessor
of a request for an interior physical inspection.

12. A physical inspection, as required by subsection 10 of this section,
shall include, but not be limited to, an on-site personal observation and review
of all exterior portions of the land and any buildings and improvements to which
the inspector has or may reasonably and lawfully gain external access, and shall
include an observation and review of the interior of any buildings or
improvements on the property upon the timely request of the owner pursuant to
subsection 11 of this section. Mere observation of the property via a drive-by
inspection or the like shall not be considered sufficient to constitute a physical
inspection as required by this section.

13. [The provisions of subsections 11 and 12 of this section shall only
apply in any county with a charter form of government with more than one
million inhabitants.

14.] A county or city collector may accept credit cards as proper form of
payment of outstanding property tax or license due. No county or city collector
may charge surcharge for payment by credit card which exceeds the fee or
surcharge charged by the credit card bank, processor, or issuer for its service. A
county or city collector may accept payment by electronic transfers of funds in
payment of any tax or license and charge the person making such payment a fee
equal to the fee charged the county by the bank, processor, or issuer of such
electronic payment.

[15] 14. Any county or city not within a county in this state may, by an
affirmative vote of the governing body of such county, opt out of the provisions of
this section and sections 137.073, 138.060, and 138.100 as enacted by house bill
no. 1150 of the ninety-first general assembly, second regular session and section
137.073 as modified by house committee substitute for senate substitute for
senate committee substitute for senate bill no. 960, ninety-second general
assembly, second regular session, for the next year of the general reassessment,
prior to January first of any year. No county or city not within a county shall
exercise this opt-out provision after implementing the provisions of this section
and sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of
the ninety-first general assembly, second regular session and section 137.073 as
modified by house committee substitute for senate substitute for senate
committee substitute for senate bill no. 960, ninety-second general assembly,
second regular session, in a year of general reassessment. For the purposes of
applying the provisions of this subsection, a political subdivision contained within
two or more counties where at least one of such counties has opted out and at
least one of such counties has not opted out shall calculate a single tax rate as
in effect prior to the enactment of house bill no. 1150 of the ninety-first general
assembly, second regular session. A governing body of a city not within a county
or a county that has opted out under the provisions of this subsection may choose
to implement the provisions of this section and sections 137.073, 138.060, and
138.100 as enacted by house bill no. 1150 of the ninety-first general assembly,
second regular session, and section 137.073 as modified by house committee
substitute for senate substitute for senate committee substitute for senate bill no.
960, ninety-second general assembly, second regular session, for the next year of
general reassessment, by an affirmative vote of the governing body prior to
December thirty-first of any year.

[16] 15. The governing body of any city of the third classification with
more than twenty-six thousand three hundred but fewer than twenty-six
thousand seven hundred inhabitants located in any county that has exercised its
authority to opt out under subsection 15 of this section may levy separate and
differing tax rates for real and personal property only if such city bills and
collects its own property taxes or satisfies the entire cost of the billing and
collection of such separate and differing tax rates. Such separate and differing
rates shall not exceed such city's tax rate ceiling.

[17] 16. Any portion of real property that is available as reserve for strip,
surface, or coal mining for minerals for purposes of excavation for future use or
sale to others that has not been bonded and permitted under chapter 444 shall
be assessed based upon how the real property is currently being used. Any
information provided to a county assessor, state tax commission, state agency, or
political subdivision responsible for the administration of tax policies shall, in the
performance of its duties, make available all books, records, and information
requested, except such books, records, and information as are by law declared
confidential in nature, including individually identifiable information regarding
a specific taxpayer or taxpayer's mine property. For purposes of this subsection,
"mine property" shall mean all real property that is in use or readily available as
a reserve for strip, surface, or coal mining for minerals for purposes of excavation
for current or future use or sale to others that has been bonded and permitted
under chapter 444.

137.385. Any person aggrieved by the assessment of his property may
appeal to the county board of equalization. An appeal shall be in writing and the
forms to be used for this purpose shall be furnished by the county clerk. Such
appeal shall be lodged with the county clerk as secretary of the board of
equalization before the [third] second Monday in [June] July; provided, that
the board may in its discretion extend the time for filing such appeals.
138.060. 1. The county board of equalization shall, in a summary way, determine all appeals from the valuation of property made by the assessor, and shall correct and adjust the assessment accordingly. There shall be no presumption that the assessor's valuation is correct. In any county with a charter form of government with a population greater than two hundred eighty thousand inhabitants but less than two hundred eighty-five thousand inhabitants, [and] in any county with a charter form of government with greater than one million inhabitants, [and] in any city not within a county, and in any other county for any property whose assessed valuation increased at least fifteen percent from the previous assessment unless the increase is due to new construction or improvement, the assessor shall have the burden to prove that the assessor's valuation does not exceed the true market value of the subject property. In such county or city, in the event a physical inspection of the subject property is required by subsection 10 of section 137.115, the assessor shall have the burden to establish the manner in which the physical inspection was performed and shall have the burden to prove that the physical inspection was performed in accordance with section 137.115. In such county or city, in the event the assessor fails to provide sufficient evidence to establish that the physical inspection was performed in accordance with section 137.115, the property owner shall prevail on the appeal as a matter of law. At any hearing before the state tax commission or a court of competent jurisdiction of an appeal of assessment from a first class charter county or a city not within a county, the assessor shall not advocate nor present evidence advocating a valuation higher than that value finally determined by the assessor or the value determined by the board of equalization, whichever is higher, for that assessment period.

2. The county clerk shall keep an accurate record of the proceedings and orders of the board, and the assessor shall correct all erroneous assessments, and the clerk shall adjust the tax book according to the orders of such board and the orders of the state tax commission, except that in adding or deducting such percent to each tract or parcel of real estate as required by such board or state tax commission, he shall add or deduct in each case any fractional sum of less than fifty cents, so that the value of any separate tract shall contain no fractions of a dollar.

138.090. 1. Except as provided in subsection 2 of this section, the county board of equalization in first class counties shall meet on the [first] third Monday in July of each year.
2. Upon a finding by the board that it is necessary in order to fairly hear all cases arising from a general reassessment, the board may begin meeting after July first in any applicable year to timely consider any appeal or complaint resulting from an evaluation made during a general reassessment of all taxable real property and possessory interests in the county. There shall be no presumption that the assessor's valuation is correct.

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

2. There shall be added to the taxpayer's federal adjusted gross income:
   
   (1) The amount of any federal income tax refund received for a prior year which resulted in a Missouri income tax benefit. The amount added pursuant to this subdivision shall not include any amount of a federal income tax refund attributable to a tax credit reducing a taxpayer's federal tax liability pursuant to Public Law 116-136, enacted by the 116th United States Congress, for the tax year beginning on or after January 1, 2020, and ending on or before December 31, 2020, and deducted from Missouri adjusted gross income pursuant to section 143.171;

   (2) Interest on certain governmental obligations excluded from federal gross income by 26 U.S.C. Section 103 of the Internal Revenue Code, as amended. The previous sentence shall not apply to interest on obligations of the state of Missouri or any of its political subdivisions or authorities and shall not apply to the interest described in subdivision (1) of subsection 3 of this section. The amount added pursuant to this subdivision shall be reduced by the amounts applicable to such interest that would have been deductible in computing the taxable income of the taxpayer except only for the application of 26 U.S.C. Section 265 of the Internal Revenue Code, as amended. The reduction shall only be made if it is at least five hundred dollars;

   (3) The amount of any deduction that is included in the computation of federal taxable income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the Job Creation and Worker Assistance Act of 2002 to the extent the amount deducted relates to property purchased on or after July 1, 2002, but before July 1, 2003, and to the extent the amount deducted exceeds the amount that would have been deductible pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code of 1986 as in effect on January 1, 2002;

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

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

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

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

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

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

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

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

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

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

(7) The amount that would have been deducted in the computation of
federal taxable income pursuant to 26 U.S.C. Section 168 of the Internal Revenue
Code as in effect on January 1, 2002, to the extent that amount relates to
property purchased on or after July 1, 2002, but before July 1, 2003, and to the
extent that amount exceeds the amount actually deducted pursuant to 26 U.S.C.
Section 168 of the Internal Revenue Code as amended by the Job Creation and
Worker Assistance Act of 2002;

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

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

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

(a) Livestock Forage Disaster Program;
(b) Livestock Indemnity Program;
(c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;
(d) Emergency Conservation Program;
(e) Noninsured Crop Disaster Assistance Program;
(f) Pasture, Rangeland, Forage Pilot Insurance Program;
(g) Annual Forage Pilot Program;
(h) Livestock Risk Protection Insurance Plan; and
(i) Livestock Gross Margin Insurance Plan; and

(11) For all tax years beginning on or after January 1, 2018, any interest expense paid or accrued in the current taxable year, but not deducted as a result of the limitation imposed under 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section 163(j), as amended, did not exist.

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

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

6. In addition to the modifications to a taxpayer's federal adjusted gross income in this section, to calculate Missouri adjusted gross income there shall be subtracted from the taxpayer's federal adjusted gross income any gain recognized pursuant to 26 U.S.C. Section 1033 of the Internal Revenue Code of 1986, as amended, arising from compulsory or involuntary conversion of property as a result of condemnation or the imminence thereof.

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

(2) In addition to the subtractions in subsection 3 of this section, one hundred percent of the amount of qualified health insurance premiums shall be subtracted from the taxpayer's federal adjusted gross income to the extent the amount paid for such premiums is included in federal taxable income. The taxpayer shall provide the department of revenue with proof of the amount of qualified health insurance premiums paid.

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

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

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

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

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

143.171. 1. For all tax years beginning on or after January 1, 1994, and ending on or before December 31, 2018, an individual taxpayer shall be allowed a deduction for his or her federal income tax liability under Chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed, not to exceed five thousand dollars on a single taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by 26 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34.

2. (1) Notwithstanding any other provision of law to the contrary, for all tax years beginning on or after January 1, 2019, an individual taxpayer shall be allowed a deduction equal to a percentage of his or her federal income tax liability under Chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed, not to exceed five thousand dollars on a single taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by 26 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34. The deduction percentage is determined according to the following table:

<table>
<thead>
<tr>
<th>Missouri gross income on the return is:</th>
<th>The deduction percentage is:</th>
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<tbody>
<tr>
<td>$25,000 or less</td>
<td>35 percent</td>
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</table>
24  From $25,001 to $50,000 25 percent
25  From $50,001 to $100,000 15 percent
26  From $100,001 to $125,000 5 percent
27  $125,001 or more 0 percent

(2) Notwithstanding any provision of law to the contrary, the amount of any tax credits reducing a taxpayer's federal tax liability pursuant to Public Law 116-136, enacted by the 116th United States Congress, for the tax year beginning on or after January 1, 2020, and ending on or before December 31, 2020, shall not be considered in determining a taxpayer's federal tax liability for the purposes of subdivision (1) of this subsection.

3. For all tax years beginning on or after September 1, 1993, a corporate taxpayer shall be allowed a deduction for fifty percent of its federal income tax liability under Chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by 26 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34.

4. If a federal income tax liability for a tax year prior to the applicability of sections 143.011 to 143.996 for which he was not previously entitled to a Missouri deduction is later paid or accrued, he may deduct the federal tax in the later year to the extent it would have been deductible if paid or accrued in the prior year.

143.425. 1. For the purposes of this section, the following terms shall mean:

(1) "Administrative adjustment request", an administrative adjustment request filed by a partnership under 26 U.S.C. Section 6227;

(2) "Audited partnership", a partnership subject to a partnership level audit resulting in a federal adjustment;

(3) "Corporate partner", a partner that is subject to tax under section 143.071;

(4) "Direct partner", a partner that holds an interest directly in a partnership or pass-through entity;

(5) "Exempt partner", a partner that is exempt from taxation under the provisions of subdivisions (1) or (4) of subsection 2 of section 143.441, except on unrelated business taxable income;
(6) "Federal adjustment", a change to an item or amount determined under the Internal Revenue Code that is used by a taxpayer to compute Missouri individual or corporate income tax owed, whether that change results from action by the IRS, including a partnership level audit, or the filing of an amended federal return, federal refund claim, or an administrative adjustment request by the taxpayer. A federal adjustment is positive to the extent that it increases Missouri taxable income as determined under section 143.431, or Missouri adjusted gross income under section 143.121 or 143.181, and is negative to the extent that it decreases such Missouri taxable income or Missouri adjusted gross income;

(7) "Federal adjustments report", methods or forms, which shall be prescribed by the department of revenue, for use by a taxpayer to report final federal adjustments, including an amended Missouri tax return, a uniform multistate report, or an information return, notwithstanding any provision of law restricting the form or applicability of information return filing;

(8) "Federal partnership representative", the person the partnership designates for the taxable year as the partnership's representative, or the person the IRS has appointed to act as the federal partnership representative, under 26 U.S.C. Section 6223(a);

(9) "Final determination date", shall be the following:

(a) Except as provided under paragraphs (b) and (c) of this subdivision, if the federal adjustment arises from an IRS audit or other action by the IRS, the final determination date shall be the first day on which no federal adjustments arising from such audit or other action remain to be finally determined, whether by IRS decision with respect to which all rights of appeal have been waived or exhausted, by agreement, or, if appealed or contested, by a final decision with respect to which all rights of appeal have been waived or exhausted. For agreements required to be signed by the IRS and the taxpayer, the final determination date shall be the date on which the last party signed the agreement;

(b) For federal adjustments arising from an IRS audit or other action by the IRS, if the taxpayer filed as a member of a Missouri consolidated return, the final determination date shall be the first day on which no related federal adjustments arising from such audit remain
to be finally determined, as described in paragraph (a) of this subdivision, for the entire group;

(c) If the federal adjustment results from filing an amended federal return, a federal refund claim, or an administrative adjustment request, or if it is a federal adjustment reported on an amended federal return or other similar report filed under 26 U.S.C. Section 6225(c), the final determination date shall be the day on which the amended return, refund claim, administrative adjustment request, or other similar report was filed;

(10) "Final federal adjustment", a federal adjustment that remains in effect after the final determination date for such federal adjustment has passed;

(11) "IRS", the Internal Revenue Service of the United States Department of the Treasury;

(12) "Indirect partner", a partner in a partnership or pass-through entity, where such partnership or pass-through entity itself holds a direct or indirect interest in another partnership or pass-through entity. A partnership or pass-through entity holds an "indirect interest" in another partnership or pass-through entity where its interest is held through an indirect partner or series of indirect partners;

(13) "Non-resident partner", an individual, trust, or estate partner that is not a resident partner;

(14) "Partner", a person that holds an interest directly or indirectly in a partnership or other pass-through entity;

(15) "Partnership", the same meaning as used in 26 U.S.C. Sections 701 to 771;

(16) "Partnership level audit", an examination by the IRS at the partnership level under 26 U.S.C. Sections 6221 to 6241, as enacted by the Bipartisan Budget Act of 2015, Public Law 114-74, and any amendments thereto, which results in federal adjustments;

(17) "Pass-through entity", an entity, other than a partnership, that is not subject to tax under section 143.071, section 153.020, chapter 148, or a tax on insurance companies or insurance providers imposed by the state of Missouri;

(18) "Publicly traded partnership", the same meaning as used in 26 U.S.C. Section 7704(b), and any amendments thereto;
(19) "Reallocation adjustment", a federal adjustment resulting from a partnership level audit or an administrative adjustment request that changes the shares of one or more items of partnership income, gain, loss, expense, or credit allocated to direct partners. A positive reallocation adjustment means the portion of a reallocation adjustment that would increase federal adjusted gross income or federal taxable income for one or more direct partners, and a negative reallocation adjustment means the portion of a reallocation adjustment that would decrease federal adjusted gross income or federal taxable income for one or more direct partners;

(20) "Resident partner", an individual, trust, or estate partner that is a resident of Missouri as defined under section 143.101 for individuals, or under section 143.331 for trusts or estates, for the relevant tax period;

(21) "Reviewed year", the taxable year of a partnership that is subject to a partnership level audit which results in a federal adjustment;

(22) "Taxpayer", any individual or entity subject to a tax in Missouri or a tax-related reporting requirement in Missouri and, unless the context clearly indicates otherwise, includes a partnership subject to a partnership level audit or a partnership that has made an administrative adjustment request, as well as a tiered partner of that partnership;

(23) "Tiered partner", any partner that is a partnership or pass-through entity;

(24) "Unrelated business taxable income", the same meaning as defined in 26 U.S.C. Section 512.

2. Except in the case of final federal adjustments that are reported and, if applicable, on the basis of which Missouri income tax is paid by a partnership and its partners using the procedures provided under subsections 3 to 9 of this section, final federal adjustments required to be reported for federal purposes under 26 U.S.C. Section 6225(a)(2), and changes required to be reported under section 143.601, a taxpayer shall report and pay any Missouri tax due with respect to final federal adjustments arising from an audit or other action by the IRS or reported by the taxpayer on a timely filed amended federal income tax return, including a return or other similar report filed
under 26 U.S.C. Section 6225(c)(2), or federal claim for refund, by filing
a federal adjustments report with the department of revenue for the
reviewed year and, if applicable, paying the additional Missouri tax
owed by the taxpayer no later than one hundred eighty days after the
final determination date.

3. Except for adjustments required to be reported for federal
purposes under 26 U.S.C. Section 6225(a)(2), partnerships and partners
shall report final federal adjustments arising from a partnership level
audit or an administrative adjustment request and make payments as
required under subsections 3 to 9 of this section.

4. (1) With respect to an action required or permitted to be
taken by a partnership under subsections 3 to 9 of this section, a
proceeding under section 143.631 for reconsideration by the director of
revenue, appeal to the administrative hearing commission, or review
by the judiciary with respect to such action, the state partnership
representative for the reviewed year shall have the sole authority to
act on behalf of the partnership, and the partnership's direct partners
and indirect partners shall be bound by those actions.

(2) The state partnership representative for the reviewed year
is the partnership's federal partnership representative unless the
partnership designates in writing another person as its state
partnership representative.

(3) The department of revenue may establish reasonable
qualifications and procedures for designating a person, other than the
federal partnership representative, to be the state partnership
representative.

(4) The state partnership representative shall be considered an
authorized representative of the partnership and its partners under
section 32.057 for the purposes of compliance with this section, or
participating in a proceeding described in subdivision (1) of this
section.

5. Final federal adjustments subject to the requirements of
subsections 3 to 9 of this section, except for those subject to a properly
made election under subsection 6 of this section, shall be reported as
follows:

(1) No later than ninety days after the final determination date,
the partnership shall:
(a) File a completed federal adjustments report with the department of revenue, including information as required by the department of revenue;

(b) Notify each of its direct partners of their distributive share of the final federal adjustments including information as required by the department of revenue;

(c) Pay any additional amount under section 143.411 that would have been due had the final federal adjustments originally been reported properly, unless the partnership is a publicly traded partnership; and

(d) If the partnership is a publicly traded partnership, report such information as is required by the department of revenue and in the manner and format as required by department of revenue instruction, including the name, address, and taxpayer identification number of each direct partner with income in Missouri which the publicly traded partnership can reasonably determine to be:

   a. Six hundred dollars or more if the partner is an individual; or
   b. One hundred dollars or more if the partner is a corporation or entity other than an individual;

(2) No later than one hundred eighty days after the final determination date, each direct partner that is subject to tax under sections 143.011 to 143.996, section 153.020, chapter 148, or a Missouri tax on insurance companies or insurance providers, shall:

   (a) File a federal adjustments report reporting the distributive share of the adjustments reported to them under paragraph (b) of subdivision (1) of this subsection; and

   (b) Pay any additional amount of tax due as if final federal adjustments had been properly reported, plus any penalty and interest due under sections 143.011 to 143.996 or any other provision of law, and less any credit for related amounts paid or withheld and remitted on behalf of the direct partner. The rate of interest on any amount due shall be determined by section 32.068.

6. (1) Subject to the limitations provided under subdivision (2) of this subsection, an audited partnership making an election under this subsection shall:

   (a) No later than ninety days after the final determination date, file a completed federal adjustments report, including information as
required by department of revenue, and notify the department of revenue that it is making the election under this subsection;

(b) No later than ninety days after the final determination date, pay an amount, determined as follows, in lieu of taxes owed by its direct and indirect partners:

a. Exclude from final federal adjustments the distributive share of such adjustments reported to a direct exempt partner not subject to tax under sections 143.011 to 143.996;

b. For the total distributive shares of the remaining final federal adjustments reported to direct corporate partners subject to tax under section 143.071, and to direct exempt partners subject to tax under sections 143.011 to 143.996, apportion and allocate such adjustments as provided under section 143.455 if applicable, and multiply the resulting amount by the tax rate provided under section 143.071 for direct corporate partners and direct exempt partners that are corporations, or the top rate of tax under section 143.011 for direct exempt partners that are not corporations;

c. For the total distributive shares of the remaining final federal adjustments reported to non-resident direct partners subject to tax under sections 143.011 to 143.996, determine the amount of such adjustments which is derived from or connected with sources in Missouri as described in section 143.421, and multiply the resulting amount by the highest rate of tax under section 143.011;

d. For the total distributive shares of the remaining final federal adjustments reported to tiered partners:

(i) Determine the amount of such adjustments which is of a type such that it would be subject to sourcing to this state under section 143.421; and then determine the portion of such amount that would be sourced to the state under section 143.421;

(ii) Determine the amount of such adjustments which is of a type such that it would not be subject to sourcing to Missouri by a nonresident partner under section 143.421;

(iii) Determine the portion of the amount determined in item (ii) of this subparagraph that can be established, under regulation issued by the department of revenue, to be properly allocable to nonresident indirect partners or other partners not subject to tax on the adjustments;
(iv) Multiply the sum of the amounts determined in items (i) and (ii) of this subparagraph, reduced by the amount determined in item (iii) of this subparagraph, by the highest rate of tax under section 143.011;

e. For the total distributive shares of the remaining final federal adjustments reported to resident direct partners subject to tax under section 143.011 or 143.061, multiply such amount by the highest rate of tax under section 143.011;

f. For the total distributive shares of the remaining final federal adjustments reported to direct partners subject to tax under chapter 148, section 153.020, or a Missouri tax on insurance companies or insurance providers, apportion and allocate such adjustments in the manner provided by law for such tax, if applicable, and multiply the resulting amount by the tax rate applicable to such direct partner;

g. Add the amounts determined under subparagraphs b to f of this paragraph, in addition to any penalty and interest as provided under sections 143.011 to 143.961 or any other provision of law. The rate of interest on any amount due shall be determined by section 32.068.

(2) Final federal adjustments subject to the election provided for under this subsection shall not include:

(a) The distributive share of final audit adjustments that would, under section 143.455, be included in the apportionable income of any direct or indirect corporate partner, provided that the audited partnership can reasonably determine such amount; and

(b) Any final federal adjustments resulting from an administrative adjustment request.

(3) An audited partnership not otherwise subject to any reporting or payment obligation to Missouri that makes an election under this subsection consents to be subject to Missouri law related to reporting, assessment, payment, and collection of Missouri tax calculated under this subsection.

7. The direct and indirect partners of an audited partnership that are tiered partners, and all of the partners of such tiered partners that are subject to tax under sections 143.011 to 143.961, shall be subject to the reporting and payment requirements of subsection 5 of this section, and such tiered partners shall be entitled to make the
election provided under subsection 6 of this section. The tiered partners or their partners shall make required reports and payments no later than ninety days after the time for filing and furnishing statements to tiered partners and their partners as established under 26 U.S.C. Section 6226. The department of revenue may promulgate rules to establish procedures and interim time periods for the reports and payments required by tiered partners and their partners, and for making the elections under subsection 6 of this section.

8. (1) The election made under subsection 6 of this section shall be irrevocable, unless the director of revenue, in his or her discretion or that of the directors' designee, determines otherwise.

(2) If properly reported and paid by the audited partnership or tiered partner, the amount determined under subdivision (2) of subsection 6 of this section shall be treated as paid in lieu of taxes owed by its direct and indirect partners, to the extent applicable, on the same final federal adjustments. The direct partners or indirect partners shall not take any deduction or credit on the determined amount, or claim a refund of such amount in this state. Nothing in this subsection shall preclude a direct resident partner from claiming a credit against the tax otherwise due to this state under section 143.081, or any amounts paid by the audited partnership or tiered partner on the resident partner's behalf to another state or local tax jurisdiction in accordance with the provisions of section 143.081.

9. Nothing in subsections 3 to 9 of this section shall be construed to prevent the department of revenue from assessing direct partners or indirect partners for taxes owed by such partners, using the best information available, in the event that a partnership or tiered partner fails to timely make any report or payment required under subsections 3 to 9 of this section for any reason.

10. The department of revenue shall assess additional tax, interest, additions to tax, and penalties arising from final federal adjustments arising from an audit by the IRS, including a partnership level audit, or reported by the taxpayer on an amended federal income tax return, or as part of an administrative adjustment request by no later than the latest of the following dates:

(1) If a taxpayer files with the department of revenue a federal adjustments report or an amended Missouri tax return as required
within the period provided under subsections 2 to 9 of this section, the
department of revenue shall assess any amounts, including taxes,
interest, additions to tax, and penalties arising from such federal
adjustments if the department of revenue issues a notice of the
assessment to the taxpayer no later than:
(a) The expiration of the limitations period provided under
section 143.711; or
(b) The expiration of the one year period following the date of
filing with the department of revenue of the federal adjustments report;
(2) If the taxpayer fails to file the federal adjustments report
within the period provided under subsections 2 to 9 of this section, as
appropriate, or the federal adjustments report filed by the taxpayer
omits final federal adjustments or understates the correct amount of
tax owed, the department of revenue shall assess amounts or additional
amounts including taxes, interest, additions to tax, and penalties
arising from the final federal adjustments, if it mails a notice of the
assessment to the taxpayer by a date which is the latest of the
following:
(a) The expiration of the limitations period provided under
section 143.711;
(b) The expiration of the one year period following the date the
federal adjustments report was filed with the department of revenue;
or
(c) Absent fraud, the expiration of the six-year period following
the final determination date.
11. A taxpayer may make estimated payments to the department
of revenue of the Missouri tax expected to result from a pending IRS
audit, prior to the due date of the federal adjustments report, without
having to file such report with the department of revenue. The
estimated tax payments shall be credited against any tax liability
ultimately found to be due to Missouri and shall limit the accrual of
further interest on such amount. If the estimated tax payments exceed
the final tax liability and interest ultimately determined to be due, the
taxpayer shall be entitled to a refund or credit for the excess, provided
the taxpayer files a federal adjustments report or claim for refund or
credit of tax under section 143.781 or 143.821 no later than one year
following the final determination date.
12. Except for final federal adjustments required to be reported for federal purposes under 26 U.S.C. Section 6225(a)(2), a taxpayer may file a claim for refund or credit of tax arising from federal adjustments made by the IRS on or before the later of:

(1) The expiration of the last day for filing a claim for refund or credit of Missouri tax under section 143.801, including any extensions; or

(2) One year from the date a federal adjustments report required under subsections 2 to 9 of this section, as applicable, was due to the department of revenue, including any extensions provided under subsection 13 of this section.

The federal adjustments report shall serve as the means for the taxpayer to report additional tax due, report a claim for refund or credit of tax, and make other adjustments resulting from adjustments to the taxpayer's federal taxable income.

13. (1) Unless otherwise agreed in writing by the taxpayer and the department of revenue, any adjustments by the department or by the taxpayer made after the expiration of the appropriate limitations period provided under section 143.711 or 143.801 shall be limited to changes to the taxpayer's tax liability arising from federal adjustments.

(2) For purposes of compliance with this section, the time periods provided for in chapter 143 may be extended:

(a) Automatically, upon written notice to the department of revenue, by ninety days for an audited partnership or tiered partner which has one hundred or more direct partners; or

(b) By written agreement between the taxpayer and the department of revenue.

(3) Any extension granted under this subsection for filing the federal adjustments report extends the last day prescribed by law for assessing any additional tax arising from the adjustments to federal taxable income and the period for filing a claim for refund or credit of taxes under section 143.781 or 143.821.

14. The department of revenue shall promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and,
if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2020, shall be invalid and void.

15. The provisions of this section shall apply to any adjustments to a taxpayer's federal taxable income or federal adjusted gross income with a final determination date occurring on or after January 1, 2021.

143.991. 1. The period of service in the Armed Forces of the United States in a combat zone plus any period of continuous hospitalization outside this state attributable to such service plus the next one hundred eighty days shall be disregarded in determining, under regulations to be promulgated by the director of revenue, whether any act required by sections 143.011 to 143.996 was performed by a taxpayer within the time prescribed therefor.

2. In the case of any individual who dies during an induction period while in active service as a member of the Armed Forces of the United States, if such death occurred while the individual was serving in a combat zone or as a result of wounds, disease, or injury incurred while so serving, the tax imposed by sections 143.011 to 143.996 shall not apply with respect to the taxable year in which falls the date of his or her death, or with respect to any prior taxable year ending on or after the first day he or she so served in a combat zone.

3. (1) This subsection shall be known and may be cited as the "Christopher J. Bosche Memorial Act".

(2) In the case of a specified terrorist victim, the tax imposed pursuant to this chapter shall not apply:

(a) With respect to the taxable year in which falls the date of death; and

(b) With respect to any prior taxable year in the period beginning with the last taxable year ending before the taxable year in which the wounds or injury were incurred from an attack as described in subdivision (3) of this subsection.

(3) The provisions of subdivision (2) of this subsection shall not apply to the amount of any tax imposed pursuant to this chapter which would be computed by only taking into account the items of income, gain, or other amounts determined to be taxable pursuant to 26 U.S.C.
Section 692(d)(3), as amended.

(4) The provisions of subsection 1 of section 143.801 shall not apply to claims for a refund made pursuant to this subsection.

(5) For the purposes of this subsection, the term "specified terrorist victim" means any decedent who dies:

(a) As a result of wounds or injury incurred as a result of the terrorist attacks against the United States on September 11, 2001; or

(b) As a result of illness incurred as a result of an attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002.

Such term shall not include any individual identified by the Attorney General of the United States to have been a participant or conspirator in any such attack or a representative of such an individual.