

House _____ Amendment NO. _____

Offered By

1 AMEND House Committee Substitute for House Bill No. 394, Page 8, Section 94.902, Line 138, by
2 inserting after all of said section and line the following:

3
4 "143.121. 1. The Missouri adjusted gross income of a resident individual shall be the
5 taxpayer's federal adjusted gross income subject to the modifications in this section.

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

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

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

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

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

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1 (5) For nonresident individuals in all [taxable] tax years ending on or after December 31,
2 2006, the amount of any property taxes paid to another state or a political subdivision of another
3 state for which a deduction was allowed on such nonresident's federal return in the [taxable] tax year
4 unless such state, political subdivision of a state, or the District of Columbia allows a subtraction
5 from income for property taxes paid to this state for purposes of calculating income for the income
6 tax for such state, political subdivision of a state, or the District of Columbia;

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

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

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

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

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

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

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

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

42 (7) The amount that would have been deducted in the computation of federal taxable income
43 pursuant to 26 U.S.C. Section 168 [of the Internal Revenue Code] as in effect on January 1, 2002, to
44 the extent that amount relates to property purchased on or after July 1, 2002, but before July 1, 2003,
45 and to the extent that amount exceeds the amount actually deducted pursuant to 26 U.S.C. Section
46 168 [of the Internal Revenue Code] as amended by the Job Creation and Worker Assistance Act of
47 2002;

48 (8) For all tax years beginning on or after January 1, 2005, the amount of any income
49 received for military service while the taxpayer serves in a combat zone which is included in federal

1 adjusted gross income and not otherwise excluded therefrom. As used in this section, "combat
2 zone" means any area which the President of the United States by Executive Order designates as an
3 area in which Armed Forces of the United States are or have engaged in combat. Service is
4 performed in a combat zone only if performed on or after the date designated by the President by
5 Executive Order as the date of the commencing of combat activities in such zone, and on or before
6 the date designated by the President by Executive Order as the date of the termination of combatant
7 activities in such zone;

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

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

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

26 (11) For all tax years beginning on or after January 1, 2018, any interest expense paid or
27 accrued in the current [taxable] tax year, but not deducted as a result of the limitation imposed under
28 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest expense is
29 considered paid or accrued only in the first [taxable] tax year the deduction would have been
30 allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C. Section
31 163(j), as amended, did not exist; and

32 (12) For all tax years beginning on or after January 1, 2022, one hundred percent of all
33 unreimbursed educator expenses incurred by an eligible educator during the tax year, not to exceed
34 five hundred dollars. As used in this subdivision, the following terms mean:

35 (a) "Educator expenses", expenses incurred by an eligible educator that qualify for a federal
36 deduction under 26 U.S.C. Section 62, as amended;

37 (b) "Eligible educator", an eligible educator as defined under 26 U.S.C. Section 62, as
38 amended.

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

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

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

48 7. (1) As used in this subsection, "qualified health insurance premium" means the amount
49 paid during the tax year by such taxpayer for any insurance policy primarily providing health care

1 coverage for the taxpayer, the taxpayer's spouse, or the taxpayer's dependents.

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

7 8. (1) Beginning January 1, 2014, in addition to the subtractions provided in this section,
8 one hundred percent of the cost incurred by a taxpayer for a home energy audit conducted by an
9 entity certified by the department of natural resources under section 640.153 or the implementation
10 of any energy efficiency recommendations made in such an audit shall be subtracted from the
11 taxpayer's federal adjusted gross income to the extent the amount paid for any such activity is
12 included in federal taxable income. The taxpayer shall provide the department of revenue with a
13 summary of any recommendations made in a qualified home energy audit, the name and
14 certification number of the qualified home energy auditor who conducted the audit, and proof of the
15 amount paid for any activities under this subsection for which a deduction is claimed. The taxpayer
16 shall also provide a copy of the summary of any recommendations made in a qualified home energy
17 audit to the department of natural resources.

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

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

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

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

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32 Further amend said bill by amending the title, enacting clause, and intersectional references
33 accordingly.