

# SENATE AMENDMENT NO. \_\_\_\_\_

Offered by \_\_\_\_\_ Of \_\_\_\_\_

Amend SS/SCS/Senate Bill No. 974, Page 1, Section TITLE, Lines 3-4,

2 by striking "compensation for services rendered in veterans  
3 benefits matters" and inserting in lieu thereof the  
4 following: "veteran benefits"; and

5 Further amend said bill, page 4, section 42.028, line  
6 89, by inserting after all of said line the following:

7 "143.121. 1. The Missouri adjusted gross income of a  
8 resident individual shall be the taxpayer's federal adjusted  
9 gross income subject to the modifications in this section.

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

12 (1) The amount of any federal income tax refund  
13 received for a prior year which resulted in a Missouri  
14 income tax benefit. The amount added pursuant to this  
15 subdivision shall not include any amount of a federal income  
16 tax refund attributable to a tax credit reducing a  
17 taxpayer's federal tax liability pursuant to Public Law 116-  
18 136 or 116-260, enacted by the 116th United States Congress,  
19 for the tax year beginning on or after January 1, 2020, and  
20 ending on or before December 31, 2020, and deducted from  
21 Missouri adjusted gross income pursuant to section 143.171.  
22 The amount added under this subdivision shall also not  
23 include any amount of a federal income tax refund  
24 attributable to a tax credit reducing a taxpayer's federal  
25 tax liability under any other federal law that provides

26 direct economic impact payments to taxpayers to mitigate  
27 financial challenges related to the COVID-19 pandemic, and  
28 deducted from Missouri adjusted gross income under section  
29 143.171;

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

43 (3) The amount of any deduction that is included in  
44 the computation of federal taxable income pursuant to 26  
45 U.S.C. Section 168 of the Internal Revenue Code as amended  
46 by the Job Creation and Worker Assistance Act of 2002 to the  
47 extent the amount deducted relates to property purchased on  
48 or after July 1, 2002, but before July 1, 2003, and to the  
49 extent the amount deducted exceeds the amount that would  
50 have been deductible pursuant to 26 U.S.C. Section 168 of  
51 the Internal Revenue Code of 1986 as in effect on January 1,  
52 2002;

53 (4) The amount of any deduction that is included in  
54 the computation of federal taxable income for net operating  
55 loss allowed by 26 U.S.C. Section 172 of the Internal  
56 Revenue Code of 1986, as amended, other than the deduction  
57 allowed by 26 U.S.C. Section 172(b)(1)(G) and 26 U.S.C.  
58 Section 172(i) of the Internal Revenue Code of 1986, as

59 amended, for a net operating loss the taxpayer claims in the  
60 tax year in which the net operating loss occurred or carries  
61 forward for a period of more than twenty years and carries  
62 backward for more than two years. Any amount of net  
63 operating loss taken against federal taxable income but  
64 disallowed for Missouri income tax purposes pursuant to this  
65 subdivision after June 18, 2002, may be carried forward and  
66 taken against any income on the Missouri income tax return  
67 for a period of not more than twenty years from the year of  
68 the initial loss; and

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

80 (6) For all tax years beginning on or after January 1,  
81 2018, any interest expense paid or accrued in a previous  
82 taxable year, but allowed as a deduction under 26 U.S.C.  
83 Section 163, as amended, in the current taxable year by  
84 reason of the carryforward of disallowed business interest  
85 provisions of 26 U.S.C. Section 163(j), as amended. For the  
86 purposes of this subdivision, an interest expense is  
87 considered paid or accrued only in the first taxable year  
88 the deduction would have been allowable under 26 U.S.C.  
89 Section 163, as amended, if the limitation under 26 U.S.C.  
90 Section 163(j), as amended, did not exist.

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

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

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

119           (3) The amount necessary to prevent the taxation  
120 pursuant to this chapter of any annuity or other amount of  
121 income or gain which was properly included in income or gain  
122 and was taxed pursuant to the laws of Missouri for a taxable  
123 year prior to January 1, 1973, to the taxpayer, or to a

124 decedent by reason of whose death the taxpayer acquired the  
125 right to receive the income or gain, or to a trust or estate  
126 from which the taxpayer received the income or gain;

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

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

133 (6) The portion of capital gain specified in section  
134 135.357 that would otherwise be included in federal adjusted  
135 gross income;

136 (7) The amount that would have been deducted in the  
137 computation of federal taxable income pursuant to 26 U.S.C.  
138 Section 168 of the Internal Revenue Code as in effect on  
139 January 1, 2002, to the extent that amount relates to  
140 property purchased on or after July 1, 2002, but before July  
141 1, 2003, and to the extent that amount exceeds the amount  
142 actually deducted pursuant to 26 U.S.C. Section 168 of the  
143 Internal Revenue Code as amended by the Job Creation and  
144 Worker Assistance Act of 2002;

145 (8) For all tax years beginning on or after January 1,  
146 2005, the amount of any income received for military service  
147 while the taxpayer serves in a combat zone which is included  
148 in federal adjusted gross income and not otherwise excluded  
149 therefrom. As used in this section, "combat zone" means any  
150 area which the President of the United States by Executive  
151 Order designates as an area in which Armed Forces of the  
152 United States are or have engaged in combat. Service is  
153 performed in a combat zone only if performed on or after the  
154 date designated by the President by Executive Order as the  
155 date of the commencing of combat activities in such zone,  
156 and on or before the date designated by the President by

157 Executive Order as the date of the termination of combatant  
158 activities in such zone;

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

168 (10) For all tax years beginning on or after January  
169 1, 2014, the amount of any income received as payment from  
170 any program which provides compensation to agricultural  
171 producers who have suffered a loss as the result of a  
172 disaster or emergency, including the:

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

183 (11) For all tax years beginning on or after January  
184 1, 2018, any interest expense paid or accrued in the current  
185 taxable year, but not deducted as a result of the limitation  
186 imposed under 26 U.S.C. Section 163(j), as amended. For the  
187 purposes of this subdivision, an interest expense is  
188 considered paid or accrued only in the first taxable year  
189 the deduction would have been allowable under 26 U.S.C.

190 Section 163, as amended, if the limitation under 26 U.S.C.  
191 Section 163(j), as amended, did not exist;

192 (12) One hundred percent of any retirement benefits  
193 received by any taxpayer, including any survivor benefits  
194 derived therefrom, as a result of the taxpayer's service in  
195 the Armed Forces of the United States, including reserve  
196 components and the National Guard of this state, as defined  
197 in 32 U.S.C. Sections 101(3) and 109, and any other military  
198 force organized under the laws of this state;

199 (13) For all tax years beginning on or after January  
200 1, 2022, one hundred percent of any federal, state, or local  
201 grant moneys received by the taxpayer if the grant money was  
202 disbursed for the express purpose of providing or expanding  
203 access to broadband internet to areas of the state deemed to  
204 be lacking such access;

205 (14) (a) For all tax years beginning on or after  
206 January 1, 2025, one hundred percent of all income reported  
207 as a capital gain for federal income tax purposes by an  
208 individual subject to tax pursuant to section 143.011; and

209 (b) For all tax years beginning on or after January  
210 first of the tax year following the tax year in which the  
211 top rate of tax imposed pursuant to section 143.011 is equal  
212 to or less than four and one-half percent, one hundred  
213 percent of all income reported as a capital gain for federal  
214 income tax purposes by an entity subject to tax pursuant to  
215 section 143.071; and

216 (15) For all tax years beginning on or after January  
217 1, 2026, the portion of capital gain on the sale or exchange  
218 of specie, as that term is defined in section 408.010, that  
219 are otherwise included in the taxpayer's federal adjusted  
220 gross income.

221 4. There shall be added to or subtracted from the  
222 taxpayer's federal adjusted gross income the taxpayer's

223 share of the Missouri fiduciary adjustment provided in  
224 section 143.351.

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

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

236         7. (1) As used in this subsection, "qualified health  
237 insurance premium" means the amount paid during the tax year  
238 by such taxpayer for any insurance policy primarily  
239 providing health care coverage for the taxpayer, the  
240 taxpayer's spouse, or the taxpayer's dependents.

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

249         8. (1) Beginning January 1, 2014, in addition to the  
250 subtractions provided in this section, one hundred percent  
251 of the cost incurred by a taxpayer for a home energy audit  
252 conducted by an entity certified by the department of  
253 natural resources under section 640.153 or the  
254 implementation of any energy efficiency recommendations made  
255 in such an audit shall be subtracted from the taxpayer's

256 federal adjusted gross income to the extent the amount paid  
257 for any such activity is included in federal taxable  
258 income. The taxpayer shall provide the department of  
259 revenue with a summary of any recommendations made in a  
260 qualified home energy audit, the name and certification  
261 number of the qualified home energy auditor who conducted  
262 the audit, and proof of the amount paid for any activities  
263 under this subsection for which a deduction is claimed. The  
264 taxpayer shall also provide a copy of the summary of any  
265 recommendations made in a qualified home energy audit to the  
266 department of natural resources.

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

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

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

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

288 10. (1) As used in this subsection, the following  
289 terms mean:

290 (a) "Beginning farmer", a taxpayer who:

291 a. Has filed at least one but not more than ten  
292 Internal Revenue Service Schedule F (Form 1040) Profit or  
293 Loss From Farming forms since turning eighteen years of age;

294 b. Is approved for a beginning farmer loan through the  
295 USDA Farm Service Agency Beginning Farmer direct or  
296 guaranteed loan program;

297 c. Has a farming operation that is determined by the  
298 department of agriculture to be new production agriculture  
299 but is the principal operator of a farm and has substantial  
300 farming knowledge; or

301 d. Has been determined by the department of  
302 agriculture to be a qualified family member;

303 (b) "Farm owner", an individual who owns farmland and  
304 disposes of or relinquishes use of all or some portion of  
305 such farmland as follows:

306 a. A sale to a beginning farmer;

307 b. A lease or rental agreement not exceeding ten years  
308 with a beginning farmer; or

309 c. A crop-share arrangement not exceeding ten years  
310 with a beginning farmer;

311 (c) "Qualified family member", an individual who is  
312 related to a farm owner within the fourth degree by blood,  
313 marriage, or adoption and who is purchasing or leasing or is  
314 in a crop-share arrangement for land from all or a portion  
315 of such farm owner's farming operation.

316 (2) (a) In addition to all other subtractions  
317 authorized in this section, a taxpayer who is a farm owner  
318 who sells all or a portion of such farmland to a beginning  
319 farmer may subtract from such taxpayer's Missouri adjusted

320 gross income an amount to the extent included in federal  
321 adjusted gross income as provided in this subdivision.

322 (b) Subject to the limitations in paragraph (c) of  
323 this subdivision, the amount that may be subtracted shall be  
324 equal to the portion of capital gains received from the sale  
325 of such farmland that such taxpayer receives in the tax year  
326 for which such taxpayer subtracts such capital gain.

327 (c) A taxpayer may subtract the following amounts and  
328 percentages per tax year in total capital gains received  
329 from the sale of such farmland under this subdivision:

330 a. For the first two million dollars received, one  
331 hundred percent;

332 b. For the next one million dollars received, eighty  
333 percent;

334 c. For the next one million dollars received, sixty  
335 percent;

336 d. For the next one million dollars received, forty  
337 percent; and

338 e. For the next one million dollars received, twenty  
339 percent.

340 (d) The department of revenue shall prepare an annual  
341 report reviewing the costs and benefits and containing  
342 statistical information regarding the subtraction of capital  
343 gains authorized under this subdivision for the previous tax  
344 year including, but not limited to, the total amount of all  
345 capital gains subtracted and the number of taxpayers  
346 subtracting such capital gains. Such report shall be  
347 submitted before February first of each year to the  
348 committee on agriculture policy of the Missouri house of  
349 representatives and the committee on agriculture, food  
350 production and outdoor resources of the Missouri senate, or  
351 the successor committees.

352           (3) (a) In addition to all other subtractions  
353 authorized in this section, a taxpayer who is a farm owner  
354 who enters a lease or rental agreement for all or a portion  
355 of such farmland with a beginning farmer may subtract from  
356 such taxpayer's Missouri adjusted gross income an amount to  
357 the extent included in federal adjusted gross income as  
358 provided in this subdivision.

359           (b) Subject to the limitation in paragraph (c) of this  
360 subdivision, the amount that may be subtracted shall be  
361 equal to the portion of cash rent income received from the  
362 lease or rental of such farmland that such taxpayer receives  
363 in the tax year for which such taxpayer subtracts such  
364 income.

365           (c) No taxpayer shall subtract more than twenty-five  
366 thousand dollars per tax year in total cash rent income  
367 received from the lease or rental of such farmland under  
368 this subdivision.

369           (4) (a) In addition to all other subtractions  
370 authorized in this section, a taxpayer who is a farm owner  
371 who enters a crop-share arrangement on all or a portion of  
372 such farmland with a beginning farmer may subtract from such  
373 taxpayer's Missouri adjusted gross income an amount to the  
374 extent included in federal adjusted gross income as provided  
375 in this subdivision.

376           (b) Subject to the limitation in paragraph (c) of this  
377 subdivision, the amount that may be subtracted shall be  
378 equal to the portion of income received from the crop-share  
379 arrangement on such farmland that such taxpayer receives in  
380 the tax year for which such taxpayer subtracts such income.

381           (c) No taxpayer shall subtract more than twenty-five  
382 thousand dollars per tax year in total income received from  
383 the lease or rental of such farmland under this subdivision.

384           (5) The department of agriculture shall, by rule,  
385 establish a process to verify that a taxpayer is a beginning  
386 farmer for purposes of this section and shall provide  
387 verification to the beginning farmer and farm seller of such  
388 farmer's and seller's certification and qualification for  
389 the exemption provided in this subsection."; and  
390           Further amend the title and enacting clause accordingly.