

HOUSE BILL NO. 2417

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE KRATKY.

5994H.021

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a tax deduction for certain small businesses.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be
2 known as section 135.1161, to read as follows:

135.1161. 1. As used in this section, the following terms mean:

2 **(1) "Deduction", an amount subtracted from the taxpayer's Missouri adjusted**
3 **gross income to determine Missouri taxable income, or federal taxable income in the case**
4 **of a corporation, for the tax year for which such deduction is claimed;**

5 **(2) "Disabled employee", a person employed by the taxpayer employed for at least**
6 **one year who:**

7 **(a) Is determined to be at least fifty percent disabled by the Social Security**
8 **Administration or the Department of Veterans Affairs; or**

9 **(b) Is determined to be disabled by the division of vocational rehabilitation and is**
10 **participating in the division's job placement program;**

11 **(3) "Eligible small business", a business that employs fifty or fewer employees and**
12 **that employs a disabled employee or an ex-offender employee for at least forty weeks**
13 **during the tax year for which the deduction allowed under this section is claimed;**

14 **(4) "Ex-offender employee", a person employed by the taxpayer for at least one**
15 **year who was discharged from a correctional facility during the twelve months preceding**
16 **such employment;**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 (5) "Taxpayer", any eligible small business subject to the tax imposed under
18 chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265.

19 2. For all tax years beginning on or after January 1, 2017, a taxpayer shall be
20 allowed a deduction for employing a disabled employee or an ex-offender employee. The
21 deduction amount shall be equal to five thousand dollars for each such person employed,
22 subject to the following:

23 (1) If a disabled employee, such taxpayer shall employ the person for at least
24 twenty-five hours per week; or

25 (2) If an ex-offender employee, such taxpayer shall employ the person for an
26 average of at least forty hours per week.

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28 Upon satisfying either of these requirements, the taxpayer shall be eligible to claim the full
29 amount of the deduction in each of the next three tax years.

30 3. The amount of the deduction issued shall not exceed the amount of the taxpayer's
31 state tax liability for the tax year for which the deduction is claimed. If the amount of the
32 deduction allowed exceeds the amount of the taxpayer's state tax liability for the tax year
33 for which the deduction is claimed, the difference shall not be refundable but may be
34 carried forward to any of the taxpayer's three subsequent tax years. No deduction issued
35 under this section shall be transferred, sold, or assigned. The aggregate amount of
36 deductions which may be issued under this section in any one fiscal year shall not exceed
37 ten million dollars. The deductions issued under this section shall be issued on a first-
38 come, first-served filing basis.

39 4. The department of revenue may promulgate rules to implement the provisions
40 of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that
41 is created under the authority delegated in this section shall become effective only if it
42 complies with and is subject to all of the provisions of chapter 536 and, if applicable,
43 section 536.028. This section and chapter 536 are nonseverable, and if any of the powers
44 vested with the general assembly pursuant to chapter 536 to review, to delay the effective
45 date, or to disapprove and annul a rule are subsequently held unconstitutional, then the
46 grant of rulemaking authority and any rule proposed or adopted after August 28, 2016,
47 shall be invalid and void.

48 5. Under section 23.253 of the Missouri sunset act:

49 (1) The provisions of the new program authorized under this section shall
50 automatically sunset on December thirty-first six years after the effective date of this
51 section unless reauthorized by an act of the general assembly;

52 **(2) If such program is reauthorized, the program authorized under this section**
53 **shall automatically sunset on December thirty-first twelve years after the effective date of**
54 **the reauthorization of this section; and**

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

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