

SECOND REGULAR SESSION

[PERFECTED]

SENATE SUBSTITUTE FOR

SENATE BILL NO. 807

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOSKINS.

3527S.02P

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal sections 143.022, 143.071, 143.081, and 143.121, RSMo, and to enact in lieu thereof seven new sections relating to corporations.

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

Section A. Sections 143.022, 143.071, 143.081, and
2 143.121, RSMo, are repealed and seven new sections enacted in
3 lieu thereof, to be known as sections 34.195, 143.022, 143.071,
4 143.081, 143.121, 143.436, and 620.3800, to read as follows:

**34.195. 1. This section shall be known and may be
2 cited as the "Right-to-Start Act".**

**3 2. No later than June 30, 2024, and annually
4 thereafter, the commissioner of administration shall file a
5 report with the general assembly that includes, but is not
6 limited to:**

**7 (1) The number of contracts awarded to businesses that
8 have been in operation for less than three years;**

**9 (2) The percentage of the number of contracts awarded
10 to businesses that have been in operation for less than
11 three years compared to the total number of contracts
12 awarded;**

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

13 (3) The total dollar amount of all contracts awarded
14 to businesses that have been in operation for less than
15 three years;

16 (4) The percentage of the total dollar amount of
17 contracts awarded to businesses that have been in operation
18 for less than three years compared to the total dollar
19 amount of contracts awarded; and

20 (5) The number and total dollar amount of contracts
21 awarded to minority-owned businesses compared to the total
22 number and dollar amount of contracts awarded.

23 3. The commissioner of administration, in conjunction
24 with the office of entrepreneurship under section 620.3800,
25 shall produce and file a report with the general assembly
26 making recommendations on improving access and resources for
27 new Missouri businesses that have been in operation for less
28 than three years on or before January 1, 2024. The report
29 shall also include recommendations on improving access and
30 resources for new minority-owned Missouri businesses that
31 have been in operation for less than three years on or
32 before January 1, 2024.

143.022. 1. As used in this section, "business
2 income" means the income greater than zero arising from
3 transactions in the regular course of all of a taxpayer's
4 trade or business and shall be limited to the Missouri
5 source net profit from the combination of the following:

6 (1) The total combined profit as properly reported to
7 the Internal Revenue Service on each Schedule C, or its
8 successor form, filed; and

9 (2) The total partnership and S corporation income or
10 loss properly reported to the Internal Revenue Service on
11 Part II of Schedule E, or its successor form.

12 2. In addition to all other modifications allowed by
13 law, there shall be subtracted from the federal adjusted
14 gross income of an individual taxpayer a percentage of such
15 individual's business income, to the extent that such
16 amounts are included in federal adjusted gross income when
17 determining such individual's Missouri adjusted gross income.

18 3. In the case of an S corporation described in
19 section 143.471 or a partnership computing the deduction
20 allowed under subsection 2 of this section, taxpayers
21 described in subdivision (1) or (2) of this subsection shall
22 be allowed such deduction apportioned in proportion to their
23 share of ownership of the business as reported on the
24 taxpayer's Schedule K-1, or its successor form, for the tax
25 period for which such deduction is being claimed when
26 determining the Missouri adjusted gross income of:

27 (1) The shareholders of an S corporation as described
28 in section 143.471;

29 (2) The partners in a partnership.

30 4. The percentage to be subtracted under subsection 2
31 of this section shall be increased over a period of years.
32 Each increase in the percentage shall be by five percent and
33 no more than one increase shall occur in a calendar year.
34 The maximum percentage that may be subtracted is twenty
35 percent of business income. Any increase in the percentage
36 that may be subtracted shall take effect on January first of
37 a calendar year and such percentage shall continue in effect
38 until the next percentage increase occurs. An increase
39 shall only apply to tax years that begin on or after the
40 increase takes effect.

41 5. An increase in the percentage that may be
42 subtracted under subsection 2 of this section shall only
43 occur if the amount of net general revenue collected in the

44 previous fiscal year exceeds the highest amount of net
45 general revenue collected in any of the three fiscal years
46 prior to such fiscal year by at least one hundred fifty
47 million dollars.

48 6. The first year that a taxpayer may make the
49 subtraction under subsection 2 of this section is 2017,
50 provided that the provisions of subsection 5 of this section
51 are met. If the provisions of subsection 5 of this section
52 are met, the percentage that may be subtracted in 2017 is
53 five percent.

54 7. **As used in this section, the term "new business**
55 **income" means any business income from a taxpayer that**
56 **begins business operations in this state on or after January**
57 **1, 2023. The term "new business income" shall not include**
58 **any business income from a taxpayer that began business**
59 **operations in this state prior to January 1, 2023, dissolved**
60 **or otherwise terminated such business operations and**
61 **reincorporates, or otherwise reinstates such business**
62 **operations on or after January 1, 2023.**

63 8. **The first one hundred thousand dollars of any**
64 **remaining amount of new business income included in a**
65 **taxpayer's Missouri adjusted gross income after the**
66 **subtraction provided for in subsection 2 of this section**
67 **shall be reduced for the first through third tax years in**
68 **which the taxpayer's business is in operation by twenty**
69 **percent.**

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

5 2. For all tax years beginning on or after September
6 1, 1993, and ending on or before December 31, 2019, a tax is

7 hereby imposed upon the Missouri taxable income of
8 corporations in an amount equal to six and one-fourth
9 percent of Missouri taxable income.

10 3. For all tax years beginning on or after January 1,
11 2020, a tax is hereby imposed upon the Missouri taxable
12 income of corporations in an amount equal to four percent of
13 Missouri taxable income.

14 4. **As used in this section, the term "eligible new**
15 **corporation" means a corporation validly licensed as**
16 **provided in the applicable laws of this state that begins**
17 **operations in this state on and after January 1, 2023. The**
18 **term "eligible new corporation" shall not include any**
19 **corporation that dissolves or otherwise terminates business**
20 **operations and reincorporates or otherwise reinitiates**
21 **operations in this state on or after January 1, 2023.**

22 5. (1) For all tax years beginning on and after
23 January 1, 2023, in lieu of the tax imposed pursuant to
24 subsection 3 of this section, a tax is hereby imposed upon
25 the Missouri taxable income of each eligible new corporation
26 for the first through third tax years of such eligible
27 corporation of three percent for the first one hundred
28 thousand dollars of income and any remaining portion of
29 income shall be taxed at a rate of four percent.

30 (2) For the fourth tax year of an eligible new
31 corporation and for all tax years thereafter, all income
32 shall be taxed as otherwise provided for in law.

33 6. The provisions of this section shall not apply to
34 out-of-state businesses operating under sections 190.270 to
35 190.285.

143.081. 1. A resident individual, resident estate,
2 and resident trust shall be allowed a credit against the tax
3 otherwise due pursuant to sections 143.005 to 143.998 for

4 the amount of any income tax imposed for the taxable year by
5 another state of the United States (or a political
6 subdivision thereof) or the District of Columbia on income
7 derived from sources therein and which is also subject to
8 tax pursuant to sections 143.005 to 143.998. For purposes
9 of this subsection, the phrase "income tax imposed" shall be
10 that amount of tax before any income tax credit allowed by
11 such other state or the District of Columbia if the other
12 state or the District of Columbia authorizes a reciprocal
13 benefit for residents of this state.

14 2. The credit provided pursuant to this section shall
15 not exceed an amount which bears the same ratio to the tax
16 otherwise due pursuant to sections 143.005 to 143.998 as the
17 amount of the taxpayer's Missouri adjusted gross income
18 derived from sources in the other taxing jurisdiction bears
19 to the taxpayer's Missouri adjusted gross income derived
20 from all sources. In applying the limitation of the
21 previous sentence to an estate or trust, Missouri taxable
22 income shall be substituted for Missouri adjusted gross
23 income. If the tax of more than one other taxing
24 jurisdiction is imposed on the same item of income, the
25 credit shall not exceed the limitation that would result if
26 the taxes of all the other jurisdictions applicable to the
27 item were deemed to be of a single jurisdiction.

28 3. **(1)** For the purposes of this section, in the case
29 of an S corporation, each resident S shareholder shall be
30 considered to have paid a tax imposed on the shareholder in
31 an amount equal to the shareholder's pro rata share of any
32 net income tax paid by the S corporation to a state which
33 does not measure the income of shareholders on an S
34 corporation by reference to the income of the S corporation
35 or where a composite return and composite payments are made

36 in such state on behalf of the S shareholders by the S
37 corporation.

38 **(2) A resident S shareholder shall be eligible for a**
39 **credit issued pursuant to this section in an amount equal to**
40 **the shareholder's pro rata share of any income tax imposed**
41 **pursuant to chapter 143 on income derived from sources in**
42 **another state of the United States, or a political**
43 **subdivision thereof, or the District of Columbia, and which**
44 **is subject to tax pursuant to chapter 143 but is not subject**
45 **to tax in such other jurisdiction.**

46 4. For purposes of subsection 3 of this section, in
47 the case of an S corporation that is a bank chartered by a
48 state, the Office of Thrift Supervision, or the comptroller
49 of currency, each Missouri resident S shareholder of such
50 out-of-state bank shall qualify for the shareholder's pro
51 rata share of any net tax paid, including a bank franchise
52 tax based on the income of the bank, by such S corporation
53 where bank payment of taxes are made in such state on behalf
54 of the S shareholders by the S bank to the extent of the tax
55 paid.

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

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

6 (1) The amount of any federal income tax refund
7 received for a prior year which resulted in a Missouri
8 income tax benefit. The amount added pursuant to this
9 subdivision shall not include any amount of a federal income
10 tax refund attributable to a tax credit reducing a
11 taxpayer's federal tax liability pursuant to Public Law 116-
12 136 or 116-260, enacted by the 116th United States Congress,

13 for the tax year beginning on or after January 1, 2020, and
14 ending on or before December 31, 2020, and deducted from
15 Missouri adjusted gross income pursuant to section 143.171.
16 The amount added under this subdivision shall also not
17 include any amount of a federal income tax refund
18 attributable to a tax credit reducing a taxpayer's federal
19 tax liability under any other federal law that provides
20 direct economic impact payments to taxpayers to mitigate
21 financial challenges related to the COVID-19 pandemic, and
22 deducted from Missouri adjusted gross income under section
23 143.171;

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

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

45 the Internal Revenue Code of 1986 as in effect on January 1,
46 2002;

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

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

74 (6) For all tax years beginning on or after January 1,
75 2018, any interest expense paid or accrued in a previous
76 taxable year, but allowed as a deduction under 26 U.S.C.

77 Section 163, as amended, in the current taxable year by
78 reason of the carryforward of disallowed business interest
79 provisions of 26 U.S.C. Section 163(j), as amended. For the
80 purposes of this subdivision, an interest expense is
81 considered paid or accrued only in the first taxable year
82 the deduction would have been allowable under 26 U.S.C.
83 Section 163, as amended, if the limitation under 26 U.S.C.
84 Section 163(j), as amended, did not exist.

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

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

105 (2) The portion of any gain, from the sale or other
106 disposition of property having a higher adjusted basis to
107 the taxpayer for Missouri income tax purposes than for
108 federal income tax purposes on December 31, 1972, that does

109 not exceed such difference in basis. If a gain is
110 considered a long-term capital gain for federal income tax
111 purposes, the modification shall be limited to one-half of
112 such portion of the gain;

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

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

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

127 (6) The portion of capital gain specified in section
128 135.357 that would otherwise be included in federal adjusted
129 gross income;

130 (7) The amount that would have been deducted in the
131 computation of federal taxable income pursuant to 26 U.S.C.
132 Section 168 of the Internal Revenue Code as in effect on
133 January 1, 2002, to the extent that amount relates to
134 property purchased on or after July 1, 2002, but before July
135 1, 2003, and to the extent that amount exceeds the amount
136 actually deducted pursuant to 26 U.S.C. Section 168 of the
137 Internal Revenue Code as amended by the Job Creation and
138 Worker Assistance Act of 2002;

139 (8) For all tax years beginning on or after January 1,
140 2005, the amount of any income received for military service

141 while the taxpayer serves in a combat zone which is included
142 in federal adjusted gross income and not otherwise excluded
143 therefrom. As used in this section, "combat zone" means any
144 area which the President of the United States by Executive
145 Order designates as an area in which Armed Forces of the
146 United States are or have engaged in combat. Service is
147 performed in a combat zone only if performed on or after the
148 date designated by the President by Executive Order as the
149 date of the commencing of combat activities in such zone,
150 and on or before the date designated by the President by
151 Executive Order as the date of the termination of combatant
152 activities in such zone;

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

162 (10) For all tax years beginning on or after January
163 1, 2014, the amount of any income received as payment from
164 any program which provides compensation to agricultural
165 producers who have suffered a loss as the result of a
166 disaster or emergency, including the:

- 167 (a) Livestock Forage Disaster Program;
168 (b) Livestock Indemnity Program;
169 (c) Emergency Assistance for Livestock, Honeybees, and
170 Farm-Raised Fish;
171 (d) Emergency Conservation Program;
172 (e) Noninsured Crop Disaster Assistance Program;

173 (f) Pasture, Rangeland, Forage Pilot Insurance Program;

174 (g) Annual Forage Pilot Program;

175 (h) Livestock Risk Protection Insurance Plan;

176 (i) Livestock Gross Margin Insurance Plan;

177 (11) For all tax years beginning on or after January
178 1, 2018, any interest expense paid or accrued in the current
179 taxable year, but not deducted as a result of the limitation
180 imposed under 26 U.S.C. Section 163(j), as amended. For the
181 purposes of this subdivision, an interest expense is
182 considered paid or accrued only in the first taxable year
183 the deduction would have been allowable under 26 U.S.C.
184 Section 163, as amended, if the limitation under 26 U.S.C.
185 Section 163(j), as amended, did not exist; [and]

186 (12) One hundred percent of any retirement benefits
187 received by any taxpayer as a result of the taxpayer's
188 service in the Armed Forces of the United States, including
189 reserve components and the National Guard of this state, as
190 defined in 32 U.S.C. Sections 101(3) and 109, and any other
191 military force organized under the laws of this state; and

192 **(13) For taxpayers authorized to do business pursuant**
193 **to article XIV of the Missouri Constitution, the amount**
194 **equal to any expenditure otherwise allowable as a federal**
195 **income tax deduction, but that is disallowed pursuant to 26**
196 **U.S.C. Section 280E, as in effect on January 1, 2022,**
197 **because cannabis is a controlled substance under federal law.**

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

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

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

213 7. (1) As used in this subsection, "qualified health
214 insurance premium" means the amount paid during the tax year
215 by such taxpayer for any insurance policy primarily
216 providing health care coverage for the taxpayer, the
217 taxpayer's spouse, or the taxpayer's dependents.

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

226 8. (1) Beginning January 1, 2014, in addition to the
227 subtractions provided in this section, one hundred percent
228 of the cost incurred by a taxpayer for a home energy audit
229 conducted by an entity certified by the department of
230 natural resources under section 640.153 or the
231 implementation of any energy efficiency recommendations made
232 in such an audit shall be subtracted from the taxpayer's
233 federal adjusted gross income to the extent the amount paid
234 for any such activity is included in federal taxable
235 income. The taxpayer shall provide the department of
236 revenue with a summary of any recommendations made in a

237 qualified home energy audit, the name and certification
238 number of the qualified home energy auditor who conducted
239 the audit, and proof of the amount paid for any activities
240 under this subsection for which a deduction is claimed. The
241 taxpayer shall also provide a copy of the summary of any
242 recommendations made in a qualified home energy audit to the
243 department of natural resources.

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

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

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

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

**143.436. 1. This section shall be known and may be
2 cited as the "SALT Parity Act".**

**3 2. For the purposes of this section, the following
4 terms shall mean:**

5 (1) "Affected business entity", any partnership or S
6 corporation that elects to be subject to tax pursuant to
7 subsection 10 of this section;

8 (2) "Direct member", a member that holds an interest
9 directly in an affected business entity;

10 (3) "Indirect member", a member that itself holds an
11 interest, through a direct or indirect member that is a
12 partnership or an S corporation, in an affected business
13 entity;

14 (4) "Member":

15 (a) A shareholder of an S corporation;

16 (b) A partner in a general partnership, a limited
17 partnership, or a limited liability partnership; or

18 (c) A member of a limited liability company that is
19 treated as a partnership or S corporation for federal income
20 tax purposes;

21 (5) "Partnership", the same meaning as provided in 26
22 U.S.C. Section 7701(a)(2). The term "partnership" shall
23 include a limited liability company that is treated as a
24 partnership for federal income tax purposes;

25 (6) "S corporation", a corporation or limited
26 liability company that is treated as an S corporation for
27 federal income tax purposes;

28 (7) "Tax year", the tax year of a partnership or S
29 corporation for federal income tax purposes;

30 3. (1) Notwithstanding any provision of law to the
31 contrary, a tax is hereby imposed on each affected business
32 entity that is a partnership and that is doing business in
33 this state. Such affected business entity shall, no later
34 than ninety days following the close of each tax year, pay a
35 tax in an amount equal to the sum of the separately and
36 nonseparately computed items, as described in 26 U.S.C.

37 Section 702(a), of the affected business entity, to the
38 extent derived from or connected with sources within this
39 state, as determined pursuant to section 143.455, decreased
40 by the deduction allowed under 26 U.S.C. Section 199A
41 computed as if such deduction was allowed to be taken by the
42 affected business entity for federal tax purposes, and
43 increased or decreased by any modification made pursuant to
44 section 143.471 that relates to an item of the affected
45 business entity's income, gain, loss, or deduction, to the
46 extent derived from or connected with sources within this
47 state, as determined pursuant to section 143.455, with such
48 sum multiplied by the highest rate of tax used to determine
49 a Missouri income tax liability for an individual pursuant
50 to section 143.011. An affected entity paying the tax
51 pursuant to this subsection shall include with the payment
52 of such taxes each report provided to a member pursuant to
53 subsection 7 of this section.

54 (2) If the amount calculated pursuant to subdivision
55 (1) of this section results in a net loss, such net loss may
56 be carried forward to succeeding tax years for which the
57 affected business entity elects to be subject to tax
58 pursuant to subsection 11 of this section until fully used.

59 4. (1) Notwithstanding any provision of law to the
60 contrary, a tax is hereby imposed on each affected business
61 entity that is an S corporation and that is doing business
62 in this state. Such affected business entity shall, no
63 later than ninety days following the close of each tax year,
64 pay a tax in an amount equal to the sum of the separately
65 and nonseparately computed items, as described in 26 U.S.C.
66 Section 1366, of the affected business entity, to the extent
67 derived from or connected with sources within this state, as
68 determined pursuant to section 143.455, decreased by the

69 deduction allowed under 26 U.S.C. Section 199A computed as
70 if such deduction was allowed to be taken by the affected
71 business entity for federal tax purposes, and increased or
72 decreased by any modification made pursuant to section
73 143.471 that relates to an item of the affected business
74 entity's income, gain, loss, or deduction, to the extent
75 derived from or connected with sources within this state, as
76 determined pursuant to section 143.455, with such sum
77 multiplied by the highest rate of tax used to determine a
78 Missouri income tax liability for an individual pursuant to
79 section 143.011. An affected entity paying the tax pursuant
80 to this subsection shall include with the payment of such
81 taxes each report provided to a member pursuant to
82 subsection 7 of this section.

83 (2) If the amount calculated pursuant to subdivision
84 (1) of this section results in a net loss, such net loss may
85 be carried forward to succeeding tax years for which the
86 affected business entity elects to be subject to tax
87 pursuant to subsection 11 of this section until fully used.

88 5. If an affected business entity is a direct or
89 indirect member of another affected business entity, the
90 member affected business entity shall, when calculating its
91 net income or loss pursuant to subsections 3 or 4 of this
92 section, subtract its distributive share of income or add
93 its distributive share of loss from the affected business
94 entity in which it is a direct or indirect member to the
95 extent that the income or loss was derived from or connected
96 with sources within this state, as determined pursuant to
97 section 143.455.

98 6. A nonresident individual who is a member shall not
99 be required to file an income tax return pursuant to this
100 chapter for a tax year if, for such tax year, the only

101 source of income derived from or connected with sources
102 within the state for such member, or the member and the
103 member's spouse if a joint federal income tax return is or
104 shall be filed, is from one or more affected business
105 entities and such affected business entity or entities file
106 and pay the tax due under this section.

107 7. Each partnership and S corporation shall report to
108 each of its members, for each tax year, such member's direct
109 pro rata share of the tax imposed pursuant to this section
110 on such partnership or S corporation if it is an affected
111 business entity and its indirect pro rata share of the tax
112 imposed on any affected business entity in which such
113 affected business entity is a direct or indirect member.

114 8. (1) Each member that is subject to the tax imposed
115 pursuant to section 143.011 shall be entitled to a credit
116 against the tax imposed pursuant to section 143.011. Such
117 credit shall be in an amount equal to such member's direct
118 and indirect pro rata share of the tax paid pursuant to this
119 section by any affected business entity of which such member
120 is directly or indirectly a member.

121 (2) If the amount of the credit authorized by this
122 subsection exceeds such member's tax liability for the tax
123 imposed pursuant to section 143.011, the excess amount shall
124 not be refunded but may be carried forward to each
125 succeeding tax year until such credit is fully taken.

126 9. (1) Each member that is subject to the tax imposed
127 pursuant to section 143.011 as a resident or part-year
128 resident of this state shall be entitled to a credit against
129 the tax imposed pursuant to section 143.011 for such
130 member's direct and indirect pro rata share of taxes paid to
131 another state of the United States or to the District of
132 Columbia, on income of any partnership or S corporation of

133 which such person is a member that is derived therefrom,
134 provided the taxes paid to another state of the United
135 States or to the District of Columbia results from a tax
136 that the director of revenue determines is substantially
137 similar to the tax imposed pursuant to this section. Any
138 such credit shall be calculated in a manner to be prescribed
139 by the director of revenue, provided such calculation is
140 consistent with the provisions of this section, and further
141 provided that the limitations provided in subsection 2 of
142 section 143.081 shall apply to the credit authorized by this
143 subsection.

144 (2) If the amount of the credit authorized by this
145 subsection exceeds such member's tax liability for the tax
146 imposed pursuant to section 143.011, the excess amount shall
147 not be refunded and shall not be carried forward.

148 10. (1) Each corporation that is subject to the tax
149 imposed pursuant to section 143.071 and that is a member
150 shall be entitled to a credit against the tax imposed
151 pursuant to section 143.071. Such credit shall be in an
152 amount equal to such corporation's direct and indirect pro
153 rata share of the tax paid pursuant to this section by any
154 affected business entity of which such corporation is
155 directly or indirectly a member. Such credit shall be
156 applied after all other credits.

157 (2) If the amount of the credit authorized by this
158 subsection exceeds such corporation's tax liability for the
159 tax imposed pursuant to section 143.071, the excess amount
160 shall not be refunded but may be carried forward to each
161 succeeding tax year until such credit is fully taken.

162 11. A partnership or an S corporation may elect to
163 become an affected business entity that is required to pay
164 the tax pursuant to this section in any tax year. A

165 separate election shall be made for each taxable year. Such
166 election shall be made on such form and in such manner as
167 the director of revenue may prescribe by rule. An election
168 made pursuant to this subsection shall be signed by:

169 (1) Each member of the electing entity who is a member
170 at the time the election is filed; or

171 (2) Any officer, manager, or member of the electing
172 entity who is authorized to make the election and who
173 attests to having such authorization under penalty of
174 perjury.

175 12. The provisions of sections 143.425 and 143.601
176 shall apply to any modifications made to an affected
177 business entity's federal return, and such affected business
178 entity shall pay any resulting underpayment of tax to the
179 extent not already paid pursuant to section 143.425.

180 13. (1) With respect to an action required or
181 permitted to be taken by an affected business entity
182 pursuant to this section, a proceeding under section 143.631
183 for reconsideration by the director of revenue, an appeal to
184 the administrative hearing commission, or a review by the
185 judiciary with respect to such action, the affected business
186 entity shall designate an affected business entity
187 representative for the tax year, and such affected business
188 entity representative shall have the sole authority to act
189 on behalf of the affected business entity, and the affected
190 business entity's members shall be bound by those actions.

191 (2) The department of revenue may establish reasonable
192 qualifications and procedures for designating a person to be
193 the affected business entity representative.

194 (3) The affected business entity representative shall
195 be considered an authorized representative of the affected
196 business entity and its members under section 32.057 for the

197 purposes of compliance with this section, or participating
198 in a proceeding described in subdivision (1) of this
199 subsection.

200 14. The provisions of this section shall only apply to
201 tax years beginning on or after January 1, 2023.

202 15. The department of revenue may promulgate rules to
203 implement the provisions of this section. Any rule or
204 portion of a rule, as that term is defined in section
205 536.010, that is created under the authority delegated in
206 this section shall become effective only if it complies with
207 and is subject to all of the provisions of chapter 536 and,
208 if applicable, section 536.028. This section and chapter
209 536 are nonseverable and if any of the powers vested with
210 the general assembly pursuant to chapter 536 to review, to
211 delay the effective date, or to disapprove and annul a rule
212 are subsequently held unconstitutional, then the grant of
213 rulemaking authority and any rule proposed or adopted after
214 August 28, 2022, shall be invalid and void.

620.3800. There is hereby created within the
2 department of economic development the "Office of
3 Entrepreneurship". The office shall employ an individual to
4 promote policies and initiatives to support the growth of
5 entrepreneurship, including minority entrepreneurship, in
6 the state. The office shall work with stakeholders and
7 communities, including minority communities, to provide
8 information and technical support to entrepreneurs. The
9 office shall support and advise the office of administration
10 with preparing the report pursuant to subsection 3 of
11 section 34.195.

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