

SECOND REGULAR SESSION

SENATE BILL NO. 870

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR KRAUS.

Read 1st time January 7, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

5213S.02I

AN ACT

To repeal section 143.121, RSMo, and to enact in lieu thereof one new section relating to an income tax deduction for dentists providing services to MO HealthNet participants.

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

Section A. Section 143.121, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 143.121, to read as follows:

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

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

5 (1) The amount of any federal income tax refund received for a prior year
6 which resulted in a Missouri income tax benefit;

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

16 (3) The amount of any deduction that is included in the computation of
17 federal taxable income pursuant to Section 168 of the Internal Revenue Code as
18 amended by the Job Creation and Worker Assistance Act of 2002 to the extent the

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

19 amount deducted relates to property purchased on or after July 1, 2002, but
20 before July 1, 2003, and to the extent the amount deducted exceeds the amount
21 that would have been deductible pursuant to Section 168 of the Internal Revenue
22 Code of 1986 as in effect on January 1, 2002;

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

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

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

45 (1) Interest or dividends on obligations of the United States and its
46 territories and possessions or of any authority, commission or instrumentality of
47 the United States to the extent exempt from Missouri income taxes pursuant to
48 the laws of the United States. The amount subtracted pursuant to this
49 subdivision shall be reduced by any interest on indebtedness incurred to carry the
50 described obligations or securities and by any expenses incurred in the production
51 of interest or dividend income described in this subdivision. The reduction in the
52 previous sentence shall only apply to the extent that such expenses including
53 amortizable bond premiums are deducted in determining the taxpayer's federal
54 adjusted gross income or included in the taxpayer's Missouri itemized

55 deduction. The reduction shall only be made if the expenses total at least five
56 hundred dollars;

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

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

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

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

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

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

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

91 Executive Order as the date of the termination of combatant activities in such
92 zone; [and]

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

100 **(10) For all tax years beginning on or after January 1, 2016, an**
101 **individual taxpayer shall be allowed to subtract from the taxpayer's**
102 **Missouri adjusted gross income to determine Missouri taxable income**
103 **an amount equal to the amount earned for providing dental care to Mo**
104 **HealthNet participants under section 208.152 that is placed in an**
105 **annuity, pension, benefit, or retirement allowance. For purposes of this**
106 **section, "annuity, pension, retirement benefit, or retirement allowance"**
107 **shall be defined as an annuity, pension or retirement allowance**
108 **provided by the United States, this state, any other state or any**
109 **political subdivision or agency or institution of this or any other state.**

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

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

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

121 7. (1) As used in this subsection, "qualified health insurance premium"
122 means the amount paid during the tax year by such taxpayer for any insurance
123 policy primarily providing health care coverage for the taxpayer, the taxpayer's
124 spouse, or the taxpayer's dependents.

125 (2) In addition to the subtractions in subsection 3 of this section, one
126 hundred percent of the amount of qualified health insurance premiums shall be

127 subtracted from the taxpayer's federal adjusted gross income to the extent the
128 amount paid for such premiums is included in federal taxable income. The
129 taxpayer shall provide the department of revenue with proof of the amount of
130 qualified health insurance premiums paid.

131 8. (1) Beginning January 1, 2014, in addition to the subtractions provided
132 in this section, one hundred percent of the cost incurred by a taxpayer for a home
133 energy audit conducted by an entity certified by the department of natural
134 resources under section 640.153 or the implementation of any energy efficiency
135 recommendations made in such an audit shall be subtracted from the taxpayer's
136 federal adjusted gross income to the extent the amount paid for any such activity
137 is included in federal taxable income. The taxpayer shall provide the department
138 of revenue with a summary of any recommendations made in a qualified home
139 energy audit, the name and certification number of the qualified home energy
140 auditor who conducted the audit, and proof of the amount paid for any activities
141 under this subsection for which a deduction is claimed. The taxpayer shall also
142 provide a copy of the summary of any recommendations made in a qualified home
143 energy audit to the department of natural resources.

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

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

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

158 9. The provisions of subsection 8 of this section shall expire on December
159 31, 2020.

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