

SECOND REGULAR SESSION

HOUSE BILL NO. 2205

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HILGEMANN.

Read 1st time March 14, 2002, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

5082L.01I

AN ACT

To repeal section 143.121, RSMo, and to enact in lieu thereof one new section relating to taxable income for a corporation.

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Section A. Section 143.121, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.121, to read as follows: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 shall be [his] **the individual's** federal adjusted gross income subject to the modifications in this section.

2. There shall be added to [his] **the individual's** federal adjusted gross income:

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

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

(c) **For all tax years beginning on or after January 1, 2003, in the case of a corporation, the amount for or with respect to net operating losses as defined in section 172**

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

16 **of the Internal Revenue Code of 1986, as amended, connected with income-producing**
17 **activities if the income therefrom would not be required to be either allocated or**
18 **apportioned to this state or included in computing a corporation's taxable income for**
19 **purposes of chapter 143, RSMo.**

20 3. There shall be subtracted from [his] **the individual's** federal adjusted gross income
21 the following amounts to the extent included in federal adjusted gross income:

22 (a) Interest or dividends on obligations of the United States and its territories and
23 possessions or of any authority, commission or instrumentality of the United States to the extent
24 exempt from Missouri income taxes under the laws of the United States. The amount subtracted
25 under this paragraph shall be reduced by any interest on indebtedness incurred to carry the
26 described obligations or securities and by any expenses incurred in the production of interest or
27 dividend income described in this paragraph. The reduction in the previous sentence shall only
28 apply to the extent that such expenses including amortizable bond premiums are deducted in
29 determining [his] **the individual's** federal adjusted gross income or included in [his] **the**
30 **individual's** Missouri itemized deduction. The reduction shall only be made if the expenses
31 total at least five hundred dollars;

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

37 (c) The amount necessary to prevent the taxation [under sections 143.011 to 143.996]
38 **pursuant to chapter 143, RSMo**, of any annuity or other amount of income or gain which was
39 properly included in income or gain and was taxed [under] **pursuant to** the laws of Missouri for
40 a taxable year prior to January 1, 1973, to the taxpayer, or to a decedent by reason of whose death
41 the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which
42 the taxpayer received the income or gain;

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

45 (e) The amount of any state income tax refund for a prior year which was included in the
46 federal adjusted gross income;

47 (f) The portion of capital gain specified in [subsection 3 of section 144.747] **section**
48 **135.357**, RSMo, that would otherwise be included in federal adjusted gross income.

49 4. There shall be added to or subtracted from [his] **the individual's** federal adjusted
50 gross income the taxpayer's share of the Missouri fiduciary adjustment provided in section
51 143.351.

52 5. There shall be added to or subtracted from [his] **the individual's** federal adjusted
53 gross income the modifications provided in section 143.411.