

HOUSE BILL NO. 1617

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MCCAHERTY.

4742H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 143, RSMo, by adding thereto one new section relating to tax deductions for out-of-state businesses relocating to Missouri.

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

Section A. Chapter 143, RSMo, is amended by adding thereto one new section, to be
2 known as section 143.1100, to read as follows:

3 **143.1100. 1. This section shall be known and may be cited as the "Bring Jobs**
4 **Home Act".**

5 **2. As used in this section, the following terms shall mean:**

6 **(1) "Business unit":**

7 **(a) Any trade or business; and**

8 **(b) Any line of business or function unit which is part of**
9 **any trade or business;**

10 **(2) "Deduction":**

11 **(a) For individuals, an amount subtracted from the taxpayer's Missouri adjusted**
12 **gross income to determine Missouri taxable income for the tax year in which such**
13 **deduction is claimed; and**

14 **(b) For corporations, an amount subtracted from the taxpayer's Federal taxable**
15 **income to determine Missouri taxable income for the tax year in which such deduction is**
16 **claimed.**

17 **(3) "Department", the department of economic development;**

18 **(4) "Eligible expenses":**

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 (a) Any amount for which a deduction is allowed to the taxpayer under Section 162
18 of the Internal Revenue Code of 1986, as amended; and

19 (b) Permit and license fees, lease brokerage fees, equipment installation costs, and
20 other similar expenses.

21 (5) "Eligible insourcing expenses":

22 (a) Eligible expenses paid or incurred by the taxpayer in connection with the
23 elimination of any business unit of the taxpayer or of any member of any expanded
24 affiliated group in which the taxpayer is also a member located outside the state of
25 Missouri; and

26 (b) Eligible expenses paid or incurred by the taxpayer in connection with the
27 establishment of any business unit of the taxpayer or of any member of any expanded
28 affiliated group in which the taxpayer is also a member located within the state of Missouri
29 if such establishment constitutes the relocation of the business unit so eliminated.

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31 For purposes of this subdivision, expenses shall be eligible if such elimination of the
32 business unit in another state or country occurs in a different taxable year from the
33 establishment of the business unit in Missouri;

34 (6) "Expanded affiliated group", an affiliated group as defined under Section
35 1504(a) of the Internal Revenue Code of 1986, as amended, except to be determined
36 without regard to Section 1504(b)(3) of the Internal Revenue Code of 1986, as amended,
37 and determined by substituting "at least eighty percent" with "more than fifty percent"
38 each place the phrase appears under Section 1504(a) of the Internal Revenue Code of 1986,
39 as amended. A partnership or any other entity other than a corporation shall be treated
40 as a member of an expanded affiliated group if such entity is controlled by members of
41 such group including any entity treated as a member of such group by reason of this
42 subdivision;

43 (7) "Full-time equivalent employee", the same meaning as ascribed to the term
44 under Sections 45R(d) and 45R(e) of the Internal Revenue Code of 1986, as amended,
45 except to be determined by only taking into account wages as defined in Section 45R(e) of
46 the Internal Revenue Code of 1986, as amended, that were paid with respect to services
47 performed within Missouri. In order to receive the tax deduction authorized in this
48 section, a taxpayer's full-time equivalent employee performing services in Missouri shall
49 be paid a salary or hourly wage equal to or greater than an employee of the taxpayer in the
50 same position prior to the relocation of the business unit;

51 (8) "Insourcing plan", a written plan to carry out the establishment of a business
52 unit in Missouri as described in subdivision (5) of this subsection;

53 **(9) "Taxpayer", any individual, firm, partner in a firm, corporation, partnership,**
54 **shareholder in an S corporation, or member of a limited liability company subject to the**
55 **income tax imposed under chapter 143, excluding withholding tax imposed under sections**
56 **143.191 to 143.265.**

57 **3. For all taxable years beginning on or after January 1, 2016, a taxpayer shall be**
58 **allowed a deduction equal to fifty percent of the taxpayer's eligible insourcing expenses in**
59 **the taxable year chosen under subsection 5 of this section. The amount of the deduction**
60 **claimed shall not exceed the amount of:**

61 **(1) For individuals, the taxpayer's Missouri adjusted gross income for the taxable**
62 **year the deduction is claimed; and**

63 **(2) For corporations, the taxpayer's Missouri taxable income for the taxable year**
64 **the deduction is claimed.**

65

66 **However, any amount of the deduction that cannot be claimed in the taxable year may be**
67 **carried over to the next five succeeding taxable years until the full deduction has been**
68 **claimed.**

69 **4. No deduction shall be allowed under this section until the department determines**
70 **that the number of full-time equivalent employees of the taxpayer in the taxable year the**
71 **deduction is claimed exceeds the number of full-time equivalent employees of the taxpayer**
72 **in the taxable year prior to the taxpayer incurring any eligible insourcing expenses.**

73 **5. Only eligible insourcing expenses that occur in the taxable year such expenses**
74 **are paid or incurred and:**

75 **(1) The taxpayer's insourcing plan is completed; or**

76 **(2) The first taxable year after the taxpayer's insourcing plan is completed;**

77

78 **shall be used to calculate the deduction allowed under this section.**

79 **6. Notwithstanding any other provision of law to the contrary, no deduction shall**
80 **be allowed for any expenses incurred due to dissolving a business unit in Missouri and**
81 **relocating such business unit to another state.**

82 **7. The total amount of deductions authorized under this section shall not exceed**
83 **five million dollars in any taxable year. In the event that more than five million dollars in**
84 **deductions are claimed in a taxable year, deductions shall be issued on a first-come, first-**
85 **served filing basis.**

86 **8. A taxpayer who receives a deduction under the provisions of this section shall**
87 **be ineligible to receive incentives under the provisions of any other state tax deduction**
88 **program for the same expenses incurred.**

89 **9. Any taxpayer allowed a deduction under this section who, within ten years of**
90 **receiving such deduction, eliminates the business unit for which the deduction was allowed**
91 **shall repay the amount of tax savings realized from the deduction to the state, prorated by**
92 **the number of years the business unit was in this state.**

93 **10. The department of economic development and the department of revenue shall**
94 **promulgate rules to implement the provisions of this section. Any rule or portion of a rule,**
95 **as that term is defined in section 536.010, that is created under the authority delegated in**
96 **this section shall become effective only if it complies with and is subject to all of the**
97 **provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536**
98 **are nonseverable, and if any of the powers vested with the general assembly pursuant to**
99 **chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are**
100 **subsequently held unconstitutional, then the grant of rulemaking authority and any rule**
101 **proposed or adopted after August 28, 2016, shall be invalid and void.**

102 **11. Under section 23.253 of the Missouri sunset act:**

103 **(1) The provisions of the new program authorized under this section shall**
104 **automatically sunset six years after the effective date, unless reauthorized by an act of the**
105 **general assembly; and**

106 **(2) If such program is reauthorized, the program authorized under this section**
107 **shall automatically sunset twelve years after the effective date of the reauthorization of this**
108 **section; and**

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

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