

SENATE SUBSTITUTE

FOR

SENATE COMMITTEE SUBSTITUTE

FOR

HOUSE COMMITTEE SUBSTITUTE

FOR

HOUSE BILL NOS. 444, 217, 225, 239, 243,
297, 402, & 172

AN ACT

To repeal sections 143.121, 143.124, and 143.431, RSMo,
and to enact in lieu thereof five new sections relating
to income taxation.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

1 Section A. Sections 143.121, 143.124, and 143.431, RSMo,
2 are repealed and five new sections enacted in lieu thereof, to be
3 known as sections 143.121, 143.124, 143.125, 143.431, and
4 143.1008, to read as follows:

5 143.121. 1. The Missouri adjusted gross income of a
6 resident individual shall be the taxpayer's federal adjusted
7 gross income subject to the modifications in this section.

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

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

12 (b) Interest on certain governmental obligations excluded
13 from federal gross income by Section 103 of the Internal Revenue
14 Code. The previous sentence shall not apply to interest on

1 obligations of the state of Missouri or any of its political
2 subdivisions or authorities and shall not apply to the interest
3 described in subdivision (a) of subsection 3 of this section.
4 The amount added pursuant to this paragraph shall be reduced by
5 the amounts applicable to such interest that would have been
6 deductible in computing the taxable income of the taxpayer except
7 only for the application of Section 265 of the Internal Revenue
8 Code. The reduction shall only be made if it is at least five
9 hundred dollars;

10 (c) The amount of any deduction that is included in the
11 computation of federal taxable income pursuant to Section 168 of
12 the Internal Revenue Code as amended by the Job Creation and
13 Worker Assistance Act of 2002 to the extent the amount deducted
14 relates to property purchased on or after July 1, 2002, but
15 before July 1, 2003, and to the extent the amount deducted
16 exceeds the amount that would have been deductible pursuant to
17 Section 168 of the Internal Revenue Code of 1986 as in effect on
18 January 1, 2002; **[and]**

19 (d) The amount of any deduction that is included in the
20 computation of federal taxable income for net operating loss
21 allowed by Section 172 of the Internal Revenue Code of 1986, as
22 amended, other than the deduction allowed by Section 172(b)(1)(G)
23 and Section 172(i) of the Internal Revenue Code of 1986, as
24 amended, for a net operating loss the taxpayer claims in the tax
25 year in which the net operating loss occurred or carries forward
26 for a period of more than twenty years and carries backward for
27 more than two years. Any amount of net operating loss taken
28 against federal taxable income but disallowed for Missouri income

1 tax purposes pursuant to this paragraph after June 18, 2002, may
2 be carried forward and taken against any income on the Missouri
3 income tax return for a period of not more than twenty years from
4 the year of the initial loss; and

5 (e) For nonresident individuals in all taxable years ending
6 on or after December 31, 2006, the amount of any property taxes
7 paid to another state or a political subdivision of another state
8 for which a deduction was allowed on such nonresident's federal
9 return in the taxable year.

10 3. There shall be subtracted from the taxpayer's federal
11 adjusted gross income the following amounts to the extent
12 included in federal adjusted gross income:

13 (a) Interest or dividends on obligations of the United
14 States and its territories and possessions or of any authority,
15 commission or instrumentality of the United States to the extent
16 exempt from Missouri income taxes pursuant to the laws of the
17 United States. The amount subtracted pursuant to this paragraph
18 shall be reduced by any interest on indebtedness incurred to
19 carry the described obligations or securities and by any expenses
20 incurred in the production of interest or dividend income
21 described in this paragraph. The reduction in the previous
22 sentence shall only apply to the extent that such expenses
23 including amortizable bond premiums are deducted in determining
24 the taxpayer's federal adjusted gross income or included in the
25 taxpayer's Missouri itemized deduction. The reduction shall only
26 be made if the expenses total at least five hundred dollars;

27 (b) The portion of any gain, from the sale or other
28 disposition of property having a higher adjusted basis to the

1 taxpayer for Missouri income tax purposes than for federal income
2 tax purposes on December 31, 1972, that does not exceed such
3 difference in basis. If a gain is considered a long-term capital
4 gain for federal income tax purposes, the modification shall be
5 limited to one-half of such portion of the gain;

6 (c) The amount necessary to prevent the taxation pursuant
7 to this chapter of any annuity or other amount of income or gain
8 which was properly included in income or gain and was taxed
9 pursuant to the laws of Missouri for a taxable year prior to
10 January 1, 1973, to the taxpayer, or to a decedent by reason of
11 whose death the taxpayer acquired the right to receive the income
12 or gain, or to a trust or estate from which the taxpayer received
13 the income or gain;

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

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

19 (f) The portion of capital gain specified in section
20 135.357, RSMo, that would otherwise be included in federal
21 adjusted gross income;

22 (g) The amount that would have been deducted in the
23 computation of federal taxable income pursuant to Section 168 of
24 the Internal Revenue Code as in effect on January 1, 2002, to the
25 extent that amount relates to property purchased on or after July
26 1, 2002, but before July 1, 2003, and to the extent that amount
27 exceeds the amount actually deducted pursuant to Section 168 of
28 the Internal Revenue Code as amended by the Job Creation and

1 Worker Assistance Act of 2002;

2 (h) For all tax years beginning on or after January 1,
3 2005, the amount of any income received for military service
4 while the taxpayer serves in a combat zone which is included in
5 federal adjusted gross income and not otherwise excluded
6 therefrom. As used in this section, "combat zone" means any area
7 which the President of the United States by Executive Order
8 designates as an area in which armed forces of the United States
9 are or have engaged in combat. Service is performed in a combat
10 zone only if performed on or after the date designated by the
11 President by Executive Order as the date of the commencing of
12 combat activities in such zone, and on or before the date
13 designated by the President by Executive Order as the date of the
14 termination of combatant activities in such zone; and

15 (i) For all tax years ending on or after July 1, 2002, with
16 respect to qualified property that is sold or otherwise disposed
17 of during a taxable year by a taxpayer and for which an addition
18 modification was made under paragraph (c) of subsection 2 of this
19 section, the amount by which addition modification made under
20 paragraph (c) of subsection 2 of this section on qualified
21 property has not been recovered through the additional
22 subtractions provided in paragraph (g) of this subsection.

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

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

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

8 7. (1) As used in this subsection, "qualified health
9 insurance premium" means the amount paid during the tax year by
10 such taxpayer for any insurance policy primarily providing health
11 care coverage for the taxpayer, the taxpayer's spouse, or the
12 taxpayer's dependents.

13 (2) In addition to the subtractions in subsection 3 of this
14 section, one hundred percent of the amount of qualified health
15 insurance premiums shall be subtracted from the taxpayer's
16 federal adjusted gross income to the extent the amount paid for
17 such premiums is included in federal taxable income. The
18 taxpayer shall provide the department of revenue with proof of
19 the amount of qualified health insurance premiums paid.

20 143.124. 1. Other provisions of law to the contrary
21 notwithstanding, for tax years ending on or before December 31,
22 2006, the total amount of all annuities, pensions, or retirement
23 allowances above the amount of six thousand dollars annually
24 provided by any law of this state, the United States, or any
25 other state to any person except as provided in subsection 4 of
26 this section, shall be subject to tax pursuant to the provisions
27 of this chapter, in the same manner, to the same extent and under
28 the same conditions as any other taxable income received by the

1 person receiving it. For purposes of this section, annuity,
2 pension, or retirement allowance shall be defined as an annuity,
3 pension or retirement allowance provided by the United States,
4 this state, any other state or any political subdivision or
5 agency or institution of this or any other state. For all tax
6 years beginning on or after January 1, 1998, for purposes of this
7 section, annuity, pension or retirement allowance shall be
8 defined to include 401(k) plans, deferred compensation plans,
9 self-employed retirement plans, also known as Keogh plans,
10 annuities from a defined pension plan and individual retirement
11 arrangements, also known as IRAs, as described in the Internal
12 Revenue Code, but not including Roth IRAs, as well as an annuity,
13 pension or retirement allowance provided by the United States,
14 this state, any other state or any political subdivision or
15 agency or institution of this or any other state. An individual
16 taxpayer shall only be allowed a maximum deduction [of six
17 thousand dollars pursuant to this section. Taxpayers filing
18 combined returns shall only be allowed a maximum deduction of six
19 thousand dollars] equal to the amounts provided under this
20 section for each taxpayer on the combined return.

21 2. For the period beginning July 1, 1989, and ending
22 December 31, 1989, there shall be subtracted from Missouri
23 adjusted gross income for that period, determined pursuant to
24 section 143.121, the first three thousand dollars of retirement
25 benefits received by each taxpayer:

26 (1) If the taxpayer's filing status is single, head of
27 household or qualifying widow(er) and the taxpayer's Missouri
28 adjusted gross income is less than twelve thousand five hundred

1 dollars; or

2 (2) If the taxpayer's filing status is married filing
3 combined and their combined Missouri adjusted gross income is
4 less than sixteen thousand dollars; or

5 (3) If the taxpayer's filing status is married filing
6 separately and the taxpayer's Missouri adjusted gross income is
7 less than eight thousand dollars.

8 3. For the tax years beginning on or after January 1, 1990,
9 but ending on or before December 31, 2006, there shall be
10 subtracted from Missouri adjusted gross income, determined
11 pursuant to section 143.121, a maximum of the first six thousand
12 dollars of retirement benefits received by each taxpayer from
13 sources other than privately funded sources, and for tax years
14 beginning on or after January 1, 1998, there shall be subtracted
15 from Missouri adjusted gross income, determined pursuant to
16 section 143.121, a maximum of the first one thousand dollars of
17 any retirement allowance received from any privately funded
18 source for tax years beginning on or after January 1, 1998, but
19 before January 1, 1999, and a maximum of the first three thousand
20 dollars of any retirement allowance received from any privately
21 funded source for tax years beginning on or after January 1,
22 1999, but before January 1, 2000, and a maximum of the first four
23 thousand dollars of any retirement allowance received from any
24 privately funded source for tax years beginning on or after
25 January 1, 2000, but before January 1, 2001, and a maximum of the
26 first five thousand dollars of any retirement allowance received
27 from any privately funded source for tax years beginning on or
28 after January 1, 2001, but before January 1, 2002, and a maximum

1 of the first six thousand dollars of any retirement allowance
2 received from any privately funded sources for tax years
3 beginning on or after January 1, 2002. A taxpayer shall be
4 entitled to the maximum exemption provided by this subsection:

5 (1) If the taxpayer's filing status is single, head of
6 household or qualifying widow(er) and the taxpayer's Missouri
7 adjusted gross income is less than twenty-five thousand dollars;
8 or

9 (2) If the taxpayer's filing status is married filing
10 combined and their combined Missouri adjusted gross income is
11 less than thirty-two thousand dollars; or

12 (3) If the taxpayer's filing status is married filing
13 separately and the taxpayer's Missouri adjusted gross income is
14 less than sixteen thousand dollars.

15 4. If a taxpayer's adjusted gross income exceeds the
16 adjusted gross income ceiling for such taxpayer's filing status,
17 as provided in subdivisions (1), (2) and (3) of subsection 3 of
18 this section, such taxpayer shall be entitled to an exemption
19 equal to the greater of zero or the maximum exemption provided in
20 subsection 3 of this section reduced by one dollar for every
21 dollar such taxpayer's income exceeds the ceiling for his or her
22 filing status.

23 5. For the tax year beginning on or after January 1, 2007,
24 but ending on or before December 31, 2007, for taxpayers sixty-
25 two years of age and older there shall be subtracted from
26 Missouri adjusted gross income, determined pursuant to section
27 143.121, a maximum of an amount equal to the greater of: six
28 thousand dollars in retirement benefits received from sources

1 other than privately funded sources, to the extent such benefits
2 are included in the taxpayer's federal adjusted gross income; or
3 twenty percent of the retirement benefits received from sources
4 other than privately funded sources in the tax year, but not to
5 exceed the maximum Social Security benefit available for such tax
6 year. For the tax year beginning on or after January 1, 2008,
7 but ending on or before December 31, 2008, for taxpayers sixty-
8 two years of age and older there shall be subtracted from
9 Missouri adjusted gross income, determined pursuant to section
10 143.121, a maximum of an amount equal to the greater of: six
11 thousand dollars in retirement benefits received from sources
12 other than privately funded sources, to the extent such benefits
13 are included in the taxpayer's federal adjusted gross income; or
14 thirty-five percent of the retirement benefits received from
15 sources other than privately funded sources in the tax year, but
16 not to exceed the maximum Social Security benefit available for
17 such tax year. For the tax year beginning on or after January 1,
18 2009, but ending on or before December 31, 2009, for taxpayers
19 sixty-two years of age and older there shall be subtracted from
20 Missouri adjusted gross income, determined pursuant to section
21 143.121, a maximum of an amount equal to the greater of: six
22 thousand dollars in retirement benefits received from sources
23 other than privately funded sources, to the extent such benefits
24 are included in the taxpayer's federal adjusted gross income; or
25 fifty percent of the retirement benefits received from sources
26 other than privately funded sources in the tax year, but not to
27 exceed the maximum Social Security benefit available for such tax
28 year. For the tax year beginning on or after January 1, 2010,

1 but ending on or before December 31, 2010, for taxpayers sixty-
2 two years of age and older there shall be subtracted from
3 Missouri adjusted gross income, determined pursuant to section
4 143.121, a maximum of an amount equal to the greater of: six
5 thousand dollars in retirement benefits received from sources
6 other than privately funded sources, to the extent such benefits
7 are included in the taxpayer's federal adjusted gross income; or
8 sixty-five percent of the retirement benefits received from
9 sources other than privately funded sources in the tax year, but
10 not to exceed the maximum Social Security benefit available for
11 such tax year. For the tax year beginning on or after January 1,
12 2011, but ending on or before December 31, 2011, for taxpayers
13 sixty-two years of age and older there shall be subtracted from
14 Missouri adjusted gross income, determined pursuant to section
15 143.121, a maximum of an amount equal to the greater of: six
16 thousand dollars in retirement benefits received from sources
17 other than privately funded sources, to the extent such benefits
18 are included in the taxpayer's federal adjusted gross income; or
19 eighty percent of the retirement benefits received from sources
20 other than privately funded sources in the tax year, but not to
21 exceed the maximum Social Security benefit available for such tax
22 year. For all tax years beginning on or after January 1, 2012,
23 for taxpayers sixty-two years of age and older there shall be
24 subtracted from Missouri adjusted gross income, determined
25 pursuant to section 143.121, a maximum of an amount equal to one
26 hundred percent of the retirement benefits received from sources
27 other than privately funded sources in the tax year, but not to
28 exceed the maximum Social Security benefit available for such tax

1 year. A taxpayer shall be entitled to the maximum exemption
2 provided by this subsection:

3 (1) If the taxpayer's filing status is married filing
4 combined, and their combined Missouri adjusted gross income is
5 equal to or less than one hundred thousand dollars; or

6 (2) If the taxpayer's filing status is single, head of
7 household, qualifying widow(er), or married filing separately,
8 and the taxpayer's Missouri adjusted gross income is equal to or
9 less than eighty-five thousand dollars.

10 6. If a taxpayer's adjusted gross income exceeds the
11 adjusted gross income ceiling for such taxpayer's filing status,
12 as provided in subdivisions (1) and (2) of subsection 5 of this
13 section, such taxpayer shall be entitled to an exemption, less
14 any applicable reduction provided under subsection 7 of this
15 section, equal to the greater of zero or the maximum exemption
16 provided in subsection 5 of this section reduced by one dollar
17 for every dollar such taxpayer's income exceeds the ceiling for
18 his or her filing status.

19 7. For purposes of calculating the subtraction provided in
20 subsection 5 of this section, such subtraction shall be decreased
21 by an amount equal to any Social Security benefits received by
22 the taxpayer which are not included in such taxpayer's Missouri
23 adjusted gross income.

24 8. For purposes of this section, any Social Security
25 benefits otherwise included in Missouri adjusted gross income
26 shall be subtracted; but Social Security benefits shall not be
27 subtracted for purposes of other computations pursuant to this
28 chapter, and are not to be considered as retirement benefits for

1 purposes of this section.

2 [6.] 9. The provisions of subdivisions (1) and (2) of
3 subsection 3 of this section shall apply during all tax years in
4 which the federal Internal Revenue Code provides exemption levels
5 for calculation of the taxability of Social Security benefits
6 that are the same as the levels in subdivisions (1) and (2) of
7 subsection 3 of this section. If the exemption levels for the
8 calculation of the taxability of Social Security benefits are
9 adjusted by applicable federal law or regulation, the exemption
10 levels in subdivisions (1) and (2) of subsection 3 of this
11 section shall be accordingly adjusted to the same exemption
12 levels.

13 [7.] 10. The portion of a taxpayer's lump sum distribution
14 from an annuity or other retirement plan not otherwise included
15 in Missouri adjusted gross income as calculated pursuant to this
16 chapter but subject to taxation under Internal Revenue Code
17 Section 402 shall be taxed in an amount equal to ten percent of
18 the taxpayer's federal liability on such distribution for the
19 same tax year.

20 [8.] 11. For purposes of this section, retirement benefits
21 received shall not include any withdrawals from qualified
22 retirement plans which are subsequently rolled over into another
23 retirement plan.

24 [9.] 12. The exemptions provided for in this section shall
25 not affect the calculation of the income to be used to determine
26 the property tax credit provided in sections 135.010 to 135.035,
27 RSMo.

28 [10.] 13. The exemptions provided for in this section shall

1 apply to any annuity, pension, or retirement allowance as defined
2 in subsection 1 of this section to the extent that such amounts
3 are included in the taxpayer's federal adjusted gross income and
4 not otherwise deducted from the taxpayer's federal adjusted gross
5 income in the calculation of Missouri taxable income. This
6 subsection shall not apply to any individual who qualifies under
7 federal guidelines to be one hundred percent disabled.

8 143.125. 1. As used in this section, the following terms
9 mean:

10 (1) "Benefits", any Social Security benefits received by a
11 taxpayer age sixty-two years of age and older, or Social Security
12 disability benefits;

13 (2) "Taxpayer", any resident individual.

14 2. For the taxable year beginning on or after January 1,
15 2007, any taxpayer shall be allowed to subtract from the
16 taxpayer's Missouri adjusted gross income to determine Missouri
17 taxable income a maximum of an amount equal to twenty percent of
18 the amount of any benefits received by the taxpayer and that are
19 included in federal adjusted gross income under Section 86 of the
20 Internal Revenue Code of 1986, as amended. For the taxable year
21 beginning on or after January 1, 2008, any taxpayer shall be
22 allowed to subtract from the taxpayer's Missouri adjusted gross
23 income to determine Missouri taxable income a maximum of an
24 amount equal to thirty-five percent of the amount of any benefits
25 received by the taxpayer and that are included in federal
26 adjusted gross income under Section 86 of the Internal Revenue
27 Code of 1986, as amended. For the taxable year beginning on or
28 after January 1, 2009, any taxpayer shall be allowed to subtract

1 from the taxpayer's Missouri adjusted gross income to determine
2 Missouri taxable income a maximum of an amount equal to fifty
3 percent of the amount of any benefits received by the taxpayer
4 and that are included in federal adjusted gross income under
5 Section 86 of the Internal Revenue Code of 1986, as amended. For
6 the taxable year beginning on or after January 1, 2010, any
7 taxpayer shall be allowed to subtract from the taxpayer's
8 Missouri adjusted gross income to determine Missouri taxable
9 income a maximum of an amount equal to sixty-five percent of the
10 amount of any benefits received by the taxpayer and that are
11 included in federal adjusted gross income under Section 86 of the
12 Internal Revenue Code of 1986, as amended. For the taxable year
13 beginning on or after January 1, 2011, any taxpayer shall be
14 allowed to subtract from the taxpayer's Missouri adjusted gross
15 income to determine Missouri taxable income a maximum of an
16 amount equal to eighty percent of the amount of any benefits
17 received by the taxpayer and that are included in federal
18 adjusted gross income under Section 86 of the Internal Revenue
19 Code of 1986, as amended. For all taxable years beginning on or
20 after January 1, 2012, any taxpayer shall be allowed to subtract
21 from the taxpayer's Missouri adjusted gross income to determine
22 Missouri taxable income a maximum of an amount equal to one
23 hundred percent of the amount of any benefits received by the
24 taxpayer and that are included in federal adjusted gross income
25 under Section 86 of the Internal Revenue Code of 1986, as
26 amended. A taxpayer shall be entitled to the maximum exemption
27 provided by this subsection:

28 (1) If the taxpayer's filing status is married filing

1 combined, and their combined Missouri adjusted gross income is
2 equal to or less than one hundred thousand dollars; or

3 (2) If the taxpayer's filing status is single, head of
4 household, qualifying widow(er), or married filing separately,
5 and the taxpayer's Missouri adjusted gross income is equal to or
6 less than eighty-five thousand dollars.

7 3. If a taxpayer's adjusted gross income exceeds the
8 adjusted gross income ceiling for such taxpayer's filing status,
9 as provided in subdivisions (1) and (2) of subsection 2 of this
10 section, such taxpayer shall be entitled to an exemption equal to
11 the greater of zero or the maximum exemption provided in
12 subsection 2 of this section reduced by one dollar for every
13 dollar such taxpayer's income exceeds the ceiling for his or her
14 filing status.

15 4. The director of the department of revenue may promulgate
16 rules to implement the provisions of this section. Any rule or
17 portion of a rule, as that term is defined in section 536.010,
18 RSMo, that is created under the authority delegated in this
19 section shall become effective only if it complies with and is
20 subject to all of the provisions of chapter 536, RSMo, and, if
21 applicable, section 536.028, RSMo. This section and chapter 536,
22 RSMo, are nonseverable and if any of the powers vested with the
23 general assembly pursuant to chapter 536, RSMo, to review, to
24 delay the effective date, or to disapprove and annul a rule are
25 subsequently held unconstitutional, then the grant of rulemaking
26 authority and any rule proposed or adopted after August 28, 2007,
27 shall be invalid and void.

28 143.431. 1. The Missouri taxable income of a corporation

1 taxable under sections 143.011 to 143.996 shall be so much of its
2 federal taxable income for the taxable year, with the
3 modifications specified in subsections 2 to 4 of this section, as
4 is derived from sources within Missouri as provided in section
5 143.451. The tax of a corporation shall be computed on its
6 Missouri taxable income at the rates provided in section 143.071.

7 2. There shall be added to or subtracted from federal
8 taxable income the modifications to adjusted gross income
9 provided in section 143.121, with the exception of subdivision
10 (e) of subsection 2 of section 143.121, and the applicable
11 modifications to itemized deductions provided in section 143.141.
12 There shall be subtracted the federal income tax deduction
13 provided in section 143.171. There shall be subtracted, to the
14 extent included in federal taxable income, corporate dividends
15 from sources within Missouri.

16 3. (1) If an affiliated group of corporations files a
17 consolidated income tax return for the taxable year for federal
18 income tax purposes and fifty percent or more of its income is
19 derived from sources within this state as determined in
20 accordance with section 143.451, then it may elect to file a
21 Missouri consolidated income tax return. The federal
22 consolidated taxable income of the electing affiliated group for
23 the taxable year shall be its federal taxable income.

24 (2) So long as a federal consolidated income tax return is
25 filed, an election made by an affiliated group of corporations to
26 file a Missouri consolidated income tax return may be withdrawn
27 or revoked only upon substantial change in the law or regulations
28 adversely changing tax liability under this chapter, or with

1 permission of the director of revenue upon the showing of good
2 cause for such action. After such a withdrawal or revocation
3 with respect to an affiliated group, it may not file a Missouri
4 consolidated income tax return for five years thereafter, except
5 with the approval of the director of revenue, and subject to such
6 terms and conditions as he may prescribe.

7 (3) No corporation which is part of an affiliated group of
8 corporations filing a Missouri consolidated income tax return
9 shall be required to file a separate Missouri corporate income
10 tax return for the taxable year.

11 (4) For each taxable year an affiliated group of
12 corporations filing a federal consolidated income tax return does
13 not file a Missouri consolidated income tax return, for purposes
14 of computing the Missouri income tax, the federal taxable income
15 of each member of the affiliated group shall be determined as if
16 a separate federal income tax return had been filed by each such
17 member.

18 (5) The director of revenue may prescribe such regulations
19 not inconsistent with the provisions of this chapter as he may
20 deem necessary in order that the tax liability of any affiliated
21 group of corporations making a Missouri consolidated income tax
22 return, and of each corporation in the group, before, during, and
23 after the period of affiliation, may be returned, determined,
24 computed, assessed, collected, and adjusted, in such manner as
25 clearly to reflect the Missouri taxable income derived from
26 sources within this state and in order to prevent avoidance of
27 such tax liability.

28 4. If a net operating loss deduction is allowed for the

1 taxable year, there shall be added to federal taxable income the
2 amount of the net operating loss modification for each loss year
3 as to which a portion of the net operating loss deduction is
4 attributable. As used in this subsection, the following terms
5 mean:

6 (1) "Loss year", the taxable year in which there occurs a
7 federal net operating loss that is carried back or carried
8 forward in whole or in part to another taxable year;

9 (2) "Net addition modification", for any taxable year, the
10 amount by which the sum of all required additions to federal
11 taxable income provided in this chapter, except for the net
12 operating loss modification, exceeds the combined sum of the
13 amount of all required subtractions from federal taxable income
14 provided in this chapter;

15 (3) "Net operating loss deduction", a net operating loss
16 deduction allowed for federal income tax purposes under Section
17 172 of the Internal Revenue Code of 1986, as amended, or a net
18 operating loss deduction allowed for Missouri income tax purposes
19 under paragraph (d) of subsection 2 of section 143.121, but not
20 including any net operating loss deduction that is allowed for
21 federal income tax purposes but disallowed for Missouri income
22 tax purposes under paragraph (d) of subsection 2 of section
23 143.121;

24 (4) "Net operating loss modification", an amount equal to
25 the lesser of the amount of the net operating loss deduction
26 attributable to that loss year or the amount by which the total
27 net operating loss in the loss year is less than the sum of:

28 (a) The net addition modification for that loss year; and

1 (b) The cumulative net operating loss deductions
2 attributable to that loss year allowed for the taxable year and
3 all prior taxable years.

4 5. For all tax years ending on or after July 1, 2002,
5 federal taxable income may be a positive or negative amount.
6 Subsection 4 of this section shall be effective for all tax years
7 with a net operating loss deduction attributable to a loss year
8 ending on or after July 1, 2002, and the net operating loss
9 modification shall only apply to loss years ending on or after
10 July 1, 2002.

11 143.1008. 1. In each taxable year beginning on or after
12 January 1, 2008, each individual or corporation entitled to a tax
13 refund in an amount sufficient to make a designation under this
14 section may designate that one dollar or any amount in excess of
15 one dollar on a single return, and two dollars or any amount in
16 excess of two dollars on a combined return, of the refund due be
17 credited to the after-school retreat reading and assessment grant
18 program fund. The contribution designation authorized by this
19 section shall be clearly and unambiguously printed on the first
20 page of each income tax return form provided by this state. If
21 any individual or corporation that is not entitled to a tax
22 refund in an amount sufficient to make a designation under this
23 section wishes to make a contribution to the after-school retreat
24 reading and assessment grant program fund, such individual or
25 corporation may, by separate check, draft, or other negotiable
26 instrument, send in with the payment of taxes, or may send in
27 separately, that amount, clearly designated for the after-school
28 retreat reading and assessment grant program fund, the individual

1 or corporation wishes to contribute. The department of revenue
2 shall deposit such amount to the after-school retreat reading and
3 assessment grant program fund as provided in subsection 2 of this
4 section.

5 2. The director of revenue shall deposit at least monthly
6 all contributions designated by individuals under this section to
7 the state treasurer for deposit to the after-school retreat
8 reading and assessment grant program fund. The fund shall be
9 administered by the department of elementary and secondary
10 education with moneys in the fund distributed as provided under
11 section 167.680, RSMo.

12 3. The director of revenue shall deposit at least monthly
13 all contributions designated by the corporations under this
14 section, less an amount sufficient to cover the cost of
15 collection, handling, and administration by the department of
16 revenue during fiscal year 2008, to the after-school retreat
17 reading and assessment grant program fund.

18 4. A contribution designated under this section shall only
19 be deposited in the after-school retreat reading and assessment
20 grant program fund after all other claims against the refund from
21 which such contribution is to be made have been satisfied.

22 5. Moneys deposited in the after-school retreat reading and
23 assessment grant program fund shall be distributed by the
24 department of elementary and secondary education in accordance
25 with the provisions of this section and section 167.680, RSMo.

26 6. The state treasurer shall invest moneys in the fund in
27 the same manner as other funds are invested. Any interest and
28 moneys earned on such investments shall be credited to the fund.

1 7. Pursuant to section 23.253, RSMo, of the Missouri sunset
2 act:

3 (1) The provisions of the new program authorized under this
4 section shall automatically sunset six years after August 28,
5 2007, unless reauthorized by an act of the general assembly; and

6 (2) If such program is reauthorized, the program authorized
7 under this section shall automatically sunset twelve years after
8 the effective date of the reauthorization of this section; and

9 (3) This section shall terminate on December thirty-first
10 of the calendar year immediately following the calendar year in
11 which the program authorized under this section is sunset.