

FIRST REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]
SENATE SUBSTITUTE FOR
SENATE BILL NO. 190

102ND GENERAL ASSEMBLY
2023

0058S.04T

AN ACT

To repeal sections 143.124 and 143.125, RSMo, and to enact in lieu thereof three new sections relating to tax relief for seniors.

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

Section A. Sections 143.124 and 143.125, RSMo, are
2 repealed and three new sections enacted in lieu thereof, to be
3 known as sections 137.1050, 143.124, and 143.125, to read as
4 follows:

137.1050. 1. For the purposes of this section, the
2 following terms shall mean:

3 (1) "Eligible credit amount", the difference between
4 an eligible taxpayer's real property tax liability on such
5 taxpayer's homestead for a given tax year, minus the real
6 property tax liability on such homestead in the year that
7 the taxpayer became an eligible taxpayer;

8 (2) "Eligible taxpayer", a Missouri resident who:

9 (a) Is eligible for Social Security retirement
10 benefits;

11 (b) Is an owner of record of a homestead or has a
12 legal or equitable interest in such property as evidenced by
13 a written instrument; and

14 (c) Is liable for the payment of real property taxes
15 on such homestead;

(3) "Homestead", real property actually occupied by an eligible taxpayer as the primary residence. An eligible taxpayer shall not claim more than one primary residence.

2. Any county authorized to impose a property tax may grant a property tax credit to eligible taxpayers residing in such county in an amount equal to the taxpayer's eligible credit amount, provided that:

(1) Such county adopts an ordinance authorizing such credit; or

(2) (a) A petition in support of a referendum on such a credit is signed by at least five percent of the registered voters of such county voting in the last gubernatorial election and the petition is delivered to the governing body of the county, which shall subsequently hold a referendum on such credit.

(b) The ballot of submission for the question submitted to the voters pursuant to paragraph (a) of this subdivision shall be in substantially the following form:

Shall the County of _____ exempt senior citizens from increases in the property tax liability due on such seniors citizens' primary residence?

☐ YES

☐ NO

If a majority of the votes cast on the proposal by the qualified voters voting thereon are in favor of the proposal, then the credit shall be in effect.

3. A county granting an exemption pursuant to this section shall apply such exemption when calculating the eligible taxpayer's property tax liability for the tax year. The amount of the credit shall be noted on the

statement of tax due sent to the eligible taxpayer by the county collector.

4. For the purposes of calculating property tax levies pursuant to section 137.073, the total amount of credits authorized by a county pursuant to this section shall be considered tax revenue, as such term is defined in section 137.073, actually received by the county.

143.124. 1. Other provisions of law to the contrary notwithstanding, for tax years ending on or before December 31, 2006, the total amount of all annuities, pensions, or retirement allowances above the amount of six thousand dollars annually provided by any law of this state, the United States, or any other state to any person except as provided in subsection 4 of this section, shall be subject to tax pursuant to the provisions of this chapter, in the same manner, to the same extent and under the same conditions as any other taxable income received by the person receiving it. For purposes of this section, "annuity, pension, retirement benefit, or retirement allowance" shall be defined as an annuity, pension or retirement allowance provided by the United States, this state, any other state or any political subdivision or agency or institution of this or any other state. For all tax years beginning on or after January 1, 1998, for purposes of this section, annuity, pension or retirement allowance shall be defined to include 401(k) plans, deferred compensation plans, self-employed retirement plans, also known as Keogh plans, annuities from a defined pension plan and individual retirement arrangements, also known as IRAs, as described in the Internal Revenue Code, but not including Roth IRAs, as well as an annuity, pension or retirement allowance provided by the United States, this state, any

26 other state or any political subdivision or agency or
27 institution of this or any other state. An individual
28 taxpayer shall only be allowed a maximum deduction equal to
29 the amounts provided under this section for each taxpayer on
30 the combined return.

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

36 (1) If the taxpayer's filing status is single, head of
37 household or qualifying widow(er) and the taxpayer's
38 Missouri adjusted gross income is less than twelve thousand
39 five hundred dollars; or

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

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

46 3. For the tax years beginning on or after January 1,
47 1990, but ending on or before December 31, 2006, there shall
48 be subtracted from Missouri adjusted gross income,
49 determined pursuant to section 143.121, a maximum of the
50 first six thousand dollars of retirement benefits received
51 by each taxpayer from sources other than privately funded
52 sources, and for tax years beginning on or after January 1,
53 1998, there shall be subtracted from Missouri adjusted gross
54 income, determined pursuant to section 143.121, a maximum of
55 the first one thousand dollars of any retirement allowance
56 received from any privately funded source for tax years
57 beginning on or after January 1, 1998, but before January 1,

1999, and a maximum of the first three thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 1999, but before January 1, 2000, and a maximum of the first four thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 2000, but before January 1, 2001, and a maximum of the first five thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 2001, but before January 1, 2002, and a maximum of the first six thousand dollars of any retirement allowance received from any privately funded sources for tax years beginning on or after January 1, 2002. A taxpayer shall be entitled to the maximum exemption provided by this subsection:

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

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

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

4. If a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling for such taxpayer's filing status, as provided in subdivisions (1), (2) and (3) of subsection 3 of this section, such taxpayer shall be entitled to an exemption equal to the greater of zero or the maximum exemption provided in subsection 3 of this section

reduced by one dollar for every dollar such taxpayer's income exceeds the ceiling for his or her filing status.

5. For purposes of this subsection, the term "maximum Social Security benefit available" shall mean thirty-two thousand five hundred dollars for the tax year beginning on or after January 1, 2007, and for each subsequent tax year such amount shall be increased by the percentage increase in the Consumer Price Index for All Urban Consumers, or its successor index, as such index is defined and officially reported by the United States Department of Labor, or its successor agency. For the tax year beginning on or after January 1, 2007, but ending on or before December 31, 2007, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or twenty percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For the tax year beginning on or after January 1, 2008, but ending on or before December 31, 2008, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or thirty-five percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security

benefit available for such tax year. For the tax year beginning on or after January 1, 2009, but ending on or before December 31, 2009, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or fifty percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For the tax year beginning on or after January 1, 2010, but ending on or before December 31, 2010, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or sixty-five percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For the tax year beginning on or after January 1, 2011, but ending on or before December 31, 2011, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or eighty percent of the retirement benefits received from

sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For all tax years beginning on or after January 1, 2012, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to one hundred percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. **For all tax years beginning on or before December 31, 2023,** a taxpayer shall be entitled to the maximum exemption provided by this subsection:

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

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

For all tax years beginning on or after January 1, 2024, a taxpayer shall be entitled to the maximum exemption provided by this subsection regardless of the taxpayer's filing status or the amount of the taxpayer's Missouri adjusted gross income.

6. **For all tax years beginning on or before December 31, 2023,** if a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling for such taxpayer's filing status, as provided in subdivisions (1) and (2) of subsection 5 of this section, such taxpayer shall be entitled to an exemption, less any applicable reduction provided under subsection 7 of this section, equal to the

greater of zero or the maximum exemption provided in subsection 5 of this section reduced by one dollar for every dollar such taxpayer's income exceeds the ceiling for his or her filing status.

7. For purposes of calculating the subtraction provided in subsection 5 of this section, such subtraction shall be decreased by an amount equal to any Social Security benefit exemption provided under section 143.125.

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

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

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

216 11. For purposes of this section, retirement benefits
217 received shall not include any withdrawals from qualified
218 retirement plans which are subsequently rolled over into
219 another retirement plan.

220 12. The exemptions provided for in this section shall
221 not affect the calculation of the income to be used to
222 determine the property tax credit provided in sections
223 135.010 to 135.035.

224 13. The exemptions provided for in this section shall
225 apply to any annuity, pension, or retirement allowance as
226 defined in subsection 1 of this section to the extent that
227 such amounts are included in the taxpayer's federal adjusted
228 gross income and not otherwise deducted from the taxpayer's
229 federal adjusted gross income in the calculation of Missouri
230 taxable income. This subsection shall not apply to any
231 individual who qualifies under federal guidelines to be one
232 hundred percent disabled.

 143.125. 1. As used in this section, the following
2 terms mean: (1) "Benefits", any Social Security benefits
3 received by a taxpayer age sixty-two years of age and older,
4 or Social Security disability benefits; (2) "Taxpayer", any
5 resident individual.

6 2. For the taxable year beginning on or after January
7 1, 2007, any taxpayer shall be allowed to subtract from the
8 taxpayer's Missouri adjusted gross income to determine
9 Missouri taxable income a maximum of an amount equal to
10 twenty percent of the amount of any benefits received by the
11 taxpayer and that are included in federal adjusted gross
12 income under Section 86 of the Internal Revenue Code of
13 1986, as amended. For the taxable year beginning on or
14 after January 1, 2008, any taxpayer shall be allowed to
15 subtract from the taxpayer's Missouri adjusted gross income

16 to determine Missouri taxable income a maximum of an amount
17 equal to thirty-five percent of the amount of any benefits
18 received by the taxpayer and that are included in federal
19 adjusted gross income under Section 86 of the Internal
20 Revenue Code of 1986, as amended. For the taxable year
21 beginning on or after January 1, 2009, any taxpayer shall be
22 allowed to subtract from the taxpayer's Missouri adjusted
23 gross income to determine Missouri taxable income a maximum
24 of an amount equal to fifty percent of the amount of any
25 benefits received by the taxpayer and that are included in
26 federal adjusted gross income under Section 86 of the
27 Internal Revenue Code of 1986, as amended. For the taxable
28 year beginning on or after January 1, 2010, any taxpayer
29 shall be allowed to subtract from the taxpayer's Missouri
30 adjusted gross income to determine Missouri taxable income a
31 maximum of an amount equal to sixty-five percent of the
32 amount of any benefits received by the taxpayer and that are
33 included in federal adjusted gross income under Section 86
34 of the Internal Revenue Code of 1986, as amended. For the
35 taxable year beginning on or after January 1, 2011, any
36 taxpayer shall be allowed to subtract from the taxpayer's
37 Missouri adjusted gross income to determine Missouri taxable
38 income a maximum of an amount equal to eighty percent of the
39 amount of any benefits received by the taxpayer and that are
40 included in federal adjusted gross income under Section 86
41 of the Internal Revenue Code of 1986, as amended. For all
42 taxable years beginning on or after January 1, 2012, any
43 taxpayer shall be allowed to subtract from the taxpayer's
44 Missouri adjusted gross income to determine Missouri taxable
45 income a maximum of an amount equal to one hundred percent
46 of the amount of any benefits received by the taxpayer and
47 that are included in federal adjusted gross income under

Section 86 of the Internal Revenue Code of 1986, as amended. **For all tax years beginning on or before December 31, 2023,** a taxpayer shall be entitled to the maximum exemption provided by this subsection:

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

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

For all tax years beginning on or after January 1, 2024, a taxpayer shall be entitled to the maximum exemption provided by this subsection regardless of the taxpayer's filing status or the amount of the taxpayer's Missouri adjusted gross income.

3. **For all tax years beginning on or before December 31, 2023,** if a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling for such taxpayer's filing status, as provided in subdivisions (1) and (2) of subsection 2 of this section, such taxpayer shall be entitled to an exemption equal to the greater of zero or the maximum exemption provided in subsection 2 of this section reduced by one dollar for every dollar such taxpayer's income exceeds the ceiling for his or her filing status.

4. The director of the department of revenue may promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the

79 provisions of chapter 536 and, if applicable, section
80 536.028. This section and chapter 536 are nonseverable and
81 if any of the powers vested with the general assembly
82 pursuant to chapter 536 to review, to delay the effective
83 date, or to disapprove and annul a rule are subsequently
84 held unconstitutional, then the grant of rulemaking
85 authority and any rule proposed or adopted after August 28,
86 2007, shall be invalid and void.

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