

ORDINANCE NO. 091074

Amending Chapter 68, Article VI, Code of Ordinances, entitled Earnings and Profits Tax, to exempt combat zone pay of members of the Armed Forces from the earnings tax.

WHEREAS, men and women of Kansas City, Missouri who are members of the Armed Forces of the United States are now serving their country in combat zones in Iraq, Afghanistan and other parts of the world; and

WHEREAS, the Armed Forces may in the future be engaged in these or other combat zones as existing wars continue or new conflicts arise; and

WHEREAS, the demands of serving in a combat zone make it difficult for service members to file tax returns and make tax payments; and

WHEREAS, Section 92.260 of the Missouri Revised Statutes authorizes the City Council to provide for deductions, exemptions and credits from the earnings tax; and

WHEREAS, the City wishes to exempt the military pay of citizens serving in combat zones from the earnings tax and to extend the deadlines for filing returns and paying tax; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Chapter 68, Article VI, Code of Ordinances, is hereby amended by repealing Section 68-385, Exemptions, and enacting in its place a new Section 68-385 of the same title and subject matter, to read as follows:

**Sec. 68-385. Exemptions.**

(a) The income referred to in section 92.220, RSMo, as exempt from the earnings and profits tax of the city, shall not be taxable under this article.

(b) *Active duty pay exemption.* The term "earnings" shall not include any compensation earned in the performance of active duty in the military service of the United States outside the city provided that during the time the taxpayer earned the compensation from active duty military service outside the city the taxpayer:

- (1) Did not maintain a dwelling in the city; and
- (2) Did maintain a dwelling outside the city due to military orders.

(c) *Exemption for combat zone pay and hostile fire/imminent danger pay.* Notwithstanding the requirements under subsection (b) of this section, "earnings" shall not include any compensation received as a member of the Armed Forces of the United States and excluded from federal gross income under the Internal Revenue Code:

- (1) For active service in a combat zone, or

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- (2) For hospitalization as a result of wounds, disease or injury incurred while serving in a combat zone, or
- (3) As hostile fire/imminent danger pay for serving in an area in direct support of military operations in a combat zone

Section 2. That Chapter 68, Article VI, Code of Ordinances, is hereby amended by adding a new Section 68-403, titled Extension of deadlines for combat zone service, to read as follows:

**Section 68-403. Extension of deadlines for combat zone service.**

(a) For any taxpayer actively serving as a member of the Armed Forces of the United States in a combat zone, contingency operation, or hospitalized as the result of wounds, disease or injury incurred while serving in a combat zone or contingency operation, the due date for filing any return, paying any tax due or filing any claim for refund under this article shall be automatically extended for 180 days after the later of:

- (1) The last day of service in the combat zone or contingency operation, or
- (2) The last day of continuous hospitalization for wounds, disease or injury incurred while serving in the combat zone or contingency operation.

(b) As used in this section, the term “combat zone” means any area which the President of the United States by Executive Order designates as an area in which Armed Forces of the United States are or have engaged in combat. Service is performed in a combat zone only if performed on or after the date designated by the President by Executive Order as the date of the commencing of combat activities in such zone, and on or before the date designated by the President by Executive Order as the date of the termination of combat activities in such zone.

(c) As used in this section, the term “contingency operation” is a military operation that is designated by the Secretary of Defense or results in calling members of the uniformed service, or retains them on active duty, during a war or a national emergency as declared by the President or Congress.

Section 3. Effective Date: The amendments under this ordinance shall apply to tax periods beginning on or after January 1, 2009.

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Approved as to form and legality:

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Stephen Walsh  
Assistant City Attorney