

FIRST REGULAR SESSION

# SENATE BILL NO. 320

## 92ND GENERAL ASSEMBLY

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INTRODUCED BY SENATOR STOLL.

Read 1st time January 23, 2003, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

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### AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating solely to the creation of an earned income tax credit.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.760, to read as follows:

**135.760. 1. For all taxable years beginning on or after January 1, 2004, a resident individual who is allowed a federal earned income tax credit pursuant to Section 32 of the Internal Revenue Code shall be allowed a credit against the tax otherwise due pursuant to chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to ten percent of the allowable federal earned income tax credit. For all taxable years beginning on or after January 1, 2005, a resident individual who is allowed a federal earned income tax credit pursuant to Section 32 of the Internal Revenue Code shall be allowed a credit against the tax otherwise due pursuant to chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to fifteen percent of the allowable federal earned income tax credit. For all taxable years beginning on or after January 1, 2006, a resident individual who is allowed a federal earned income tax credit pursuant to Section 32 of the Internal Revenue Code shall be allowed a credit against the tax otherwise due pursuant to chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to twenty percent of the allowable federal earned income tax credit. The tax credit allowed by this section shall be claimed by such individual at the time such individual files a return and shall be applied against the**

income tax liability imposed by chapter 143, RSMo. Where the amount of the credit exceeds the tax liability, the difference shall be refunded to the taxpayer or carried forward into each subsequent taxable year until such credit is fully used.

2. The director of the department of revenue shall promulgate rules and regulations to administer the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, 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 provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2003, shall be invalid and void.

3. Notwithstanding the provisions of subsection 4 of section 32.507, RSMo, the department of revenue or any duly authorized employee or agent shall determine whether any taxpayer filing a report or return with the department of revenue who has not applied for the credit allowed pursuant to this section may qualify for the credit, and shall notify any qualified claimant of the claimant's potential eligibility, where the department determines such potential eligibility exists.

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