

# SENATE BILL NO. 497

## 97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHMITT.

Pre-filed December 1, 2013, and ordered printed.

TERRY L. SPIELER, Secretary.

4421S.05I

### AN ACT

To repeal section 143.011 and 143.021, RSMo, and to enact in lieu thereof two new sections relating to income taxes.

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

Section A. Sections 143.011 and 143.021, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 143.011 and 143.021, to read as follows:

143.011. **1. For all tax years beginning on or before December 31, 2014,** a tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table or the rate provided in section 143.021, which is based upon the following rates:

If the Missouri taxable income is:	The tax is:
Not over \$1,000.00 . . . . .	1 1/2% of the Missouri taxable income
Over \$1,000 but not over \$2,000	\$15 plus 2% of excess over \$1,000
Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of excess over \$2,000
Over \$3,000 but not over \$4,000	\$60 plus 3% of excess over \$3,000
Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000

20	Over \$7,000 but not over \$8,000	\$210 plus 5% of excess
21		over \$7,000
22	Over \$8,000 but not over \$9,000	\$260 plus 5 ½% of excess
23		over \$8,000
24	Over \$9,000 . . . . .	\$315 plus 6% of excess
25		over \$9,000

26           **2. For all tax years beginning on or after January 1, 2015, but**  
 27 **before January 1, 2016, a tax is hereby imposed for every taxable year**  
 28 **on the Missouri taxable income of every resident. The tax shall be**  
 29 **determined by applying the tax table or the rate provided in section**  
 30 **143.021, which is based upon the following rates:**

31	<b>If the Missouri taxable income is:</b>	<b>The tax is:</b>
32	<b>Not over \$1,000.00 . . . . .</b>	<b>1 1/2% of the Missouri</b>
33		<b>taxable income</b>
34	<b>Over \$1,000 but not over \$2,000</b>	<b>\$15 plus 2% of excess</b>
35		<b>over \$1,000</b>
36	<b>Over \$2,000 but not over \$3,000</b>	<b>\$35 plus 2 ½% of excess</b>
37		<b>over \$2,000</b>
38	<b>Over \$3,000 but not over \$4,000</b>	<b>\$60 plus 3% of excess</b>
39		<b>over \$3,000</b>
40	<b>Over \$4,000 but not over \$5,000</b>	<b>\$90 plus 3 ½% of excess</b>
41		<b>over \$4,000</b>
42	<b>Over \$5,000 but not over \$6,000</b>	<b>\$125 plus 4% of excess</b>
43		<b>over \$5,000</b>
44	<b>Over \$6,000 but not over \$7,000</b>	<b>\$165 plus 4 ½% of excess</b>
45		<b>over \$6,000</b>
46	<b>Over \$7,000 but not over \$8,000</b>	<b>\$210 plus 5% of excess</b>
47		<b>over \$7,000</b>
48	<b>Over \$8,000 . . . . .</b>	<b>\$260 plus 5 ½% of excess</b>
49		<b>over \$8,000</b>

50           **3. (1) Beginning with the 2016 calendar year, the top rate of tax**  
 51 **under subsection 2 of this section may be reduced over a period of**  
 52 **years. No more than one reduction shall occur in a calendar year. The**  
 53 **top rate of tax shall not be reduced below four percent. Reductions in**  
 54 **the top rate of tax shall take effect on January first of a calendar year**  
 55 **and such reduced rates shall continue in effect until the next reduction**  
 56 **occurs.**

57           **(2) A reduction in the rate of tax shall only occur if the amount**  
58 **of net general revenue collected in the previous fiscal year exceeds the**  
59 **highest amount of net general revenue collected in any of the three**  
60 **fiscal years prior to such fiscal year by at least one hundred million**  
61 **dollars.**

62           **(3) The amount of a rate reduction shall be calculated by taking**  
63 **the amount that the net general revenue collected in the previous fiscal**  
64 **year exceeded the highest amount of net general revenue collected in**  
65 **any of the three fiscal years prior to such fiscal year and dividing such**  
66 **number by one hundred million. Such number shall then be rounded**  
67 **down to the nearest whole number and multiplied by three-twentieths**  
68 **of a percent. This number shall be subtracted from the top rate of tax**  
69 **for the previous calendar year to give the top rate of tax for the current**  
70 **calendar year.**

71           **(4) Any modification of tax rates under this subsection shall only**  
72 **apply to tax years that begin on or after a modification takes effect.**

73           **(5) The director of the department of revenue shall, by rule,**  
74 **adjust the tax tables under subsection 2 of this section to effectuate the**  
75 **provisions of this subsection. The bracket for income over eight**  
76 **thousand dollars shall be eliminated once the top rate of tax has been**  
77 **reduced to less than five percent. The bracket for income over seven**  
78 **thousand dollars shall be eliminated once the top rate of tax has been**  
79 **reduced to less than four and one-half percent. The bracket for income**  
80 **over six thousand dollars shall be eliminated once the top rate of tax**  
81 **has been reduced to less than four percent.**

143.021. 1. Every resident having a taxable income of less than nine  
2 thousand dollars shall determine his tax from a tax table prescribed by the  
3 director of revenue and based upon the rates provided in section 143.011. The tax  
4 table shall be on the basis of one hundred dollar increments of taxable income  
5 below nine thousand dollars. The tax provided in the table shall be the amount  
6 rounded to the nearest whole dollar by applying the rates in section 143.011 to  
7 the taxable income at the midpoint of each increment, except there shall be no tax  
8 on a taxable income of less than one hundred dollars. Every resident having a  
9 taxable income of nine thousand dollars or more shall determine his tax from the  
10 rate provided in section 143.011. **This subsection shall only apply if the top**  
11 **rate of tax under section 143.011 is greater than five and one-half of a**  
12 **percent.**

13           2. Every resident having a taxable income of less than eight  
14 thousand dollars shall determine his tax from a tax table prescribed by  
15 the director of revenue and based upon the rates provided in section  
16 143.011. The tax table shall be on the basis of one hundred dollar  
17 increments of taxable income below eight thousand dollars. The tax  
18 provided in the table shall be the amount rounded to the nearest whole  
19 dollar by applying the rates in section 143.011 to the taxable income at  
20 the midpoint of each increment, except there shall be no tax on a  
21 taxable income of less than one hundred dollars. Every resident having  
22 a taxable income of eight thousand dollars or more shall determine his  
23 tax from the rate provided in section 143.011. This subsection shall  
24 only apply if the top rate of tax under section 143.011 is greater than  
25 five percent and less than or equal to five and one-half percent.

26           3. Every resident having a taxable income of less than seven  
27 thousand dollars shall determine his tax from a tax table prescribed by  
28 the director of revenue and based upon the rates provided in section  
29 143.011. The tax table shall be on the basis of one hundred dollar  
30 increments of taxable income below seven thousand dollars. The tax  
31 provided in the table shall be the amount rounded to the nearest whole  
32 dollar by applying the rates in section 143.011 to the taxable income at  
33 the midpoint of each increment, except there shall be no tax on a  
34 taxable income of less than one hundred dollars. Every resident having  
35 a taxable income of seven thousand dollars or more shall determine his  
36 tax from the rate provided in section 143.011. This subsection shall  
37 only apply if the top rate of tax under section 143.011 is greater than  
38 four and one-half percent and less than or equal to five percent.

39           4. Every resident having a taxable income of less than six  
40 thousand dollars shall determine his tax from a tax table prescribed by  
41 the director of revenue and based upon the rates provided in section  
42 143.011. The tax table shall be on the basis of one hundred dollar  
43 increments of taxable income below six thousand dollars. The tax  
44 provided in the table shall be the amount rounded to the nearest whole  
45 dollar by applying the rates in section 143.011 to the taxable income at  
46 the midpoint of each increment, except there shall be no tax on a  
47 taxable income of less than one hundred dollars. Every resident having  
48 a taxable income of six thousand dollars or more shall determine his  
49 tax from the rate provided in section 143.011. This subsection shall

50 only apply if the top rate of tax under section 143.011 is greater than  
51 four percent and less than or equal to four and one-half percent.

52 5. Every resident having a taxable income of less than five  
53 thousand dollars shall determine his tax from a tax table prescribed by  
54 the director of revenue and based upon the rates provided in section  
55 143.011. The tax table shall be on the basis of one hundred dollar  
56 increments of taxable income below five thousand dollars. The tax  
57 provided in the table shall be the amount rounded to the nearest whole  
58 dollar by applying the rates in section 143.011 to the taxable income at  
59 the midpoint of each increment, except there shall be no tax on a  
60 taxable income of less than one hundred dollars. Every resident having  
61 a taxable income of five thousand dollars or more shall determine his  
62 tax from the rate provided in section 143.011. This subsection shall  
63 only apply if the top rate of tax under section 143.011 is equal to four  
64 percent.

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