

FIRST REGULAR SESSION

SENATE BILL NO. 40

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR LeVOTA.

Pre-filed December 1, 2014, and ordered printed.

ADRIANE D. CROUSE, Secretary.

0341S.011

AN ACT

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

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. This section shall be known and may be cited as the "Missouri Earned Income Tax Credit Act".

2. For all taxable years beginning on or after January 1, 2015, a resident individual who is allowed a federal earned income tax credit under Section 32 of the Internal Revenue Code of 1986, as amended, shall be allowed a credit against the tax otherwise due under chapter 143, not including sections 143.191 to 143.265, 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 after reduction for all other credits allowed thereon. For taxpayers whose filing status is married filing separately, such taxpayers may elect to apply the tax credit to the income tax liability of either taxpayer, or may elect to apply the tax credit evenly to the income tax liability of each spouse. Where the amount of the credit exceeds the tax liability, the difference shall be refunded to the taxpayer.

3. Notwithstanding the provision of subsection 4 of section 32.057, 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

22 allowed under this section may qualify for the credit, and shall notify
23 any qualified claimant of the claimant's potential eligibility, where the
24 department determines such potential eligibility exists. In making a
25 determination of eligibility under this section, the department shall use
26 any appropriate and available data, including but not limited to data
27 available from the Internal Revenue Service, the U.S. Department of
28 Treasury, and state income tax returns from previous tax years.

29 4. The department shall prepare an annual report containing
30 statistical information regarding the tax credits issued under this
31 section for the previous tax year, including the total amount of revenue
32 expended on the earned income tax credit, the number of credits
33 claimed, and the average value of the credits issued to taxpayers whose
34 earned income falls within various income ranges determined by the
35 department.

36 5. The department shall contract with one or more nonprofit
37 groups to provide notice of the earned income tax credit to eligible
38 taxpayers. The department shall require evidence of the effectiveness
39 of the nonprofit group, the connection with the community in which the
40 group operates, and the ability to contact taxpayers that are unlikely
41 to claim the federal earned income tax credit, including but not limited
42 to non-English speakers, elderly, tenants, and very low-income
43 taxpayers who do not file tax returns annually. The department shall
44 give preference to nonprofit groups with members in low- and
45 moderate-income areas, nonprofit groups with at least fifty-one percent
46 of the board of directors having low- to moderate-incomes and
47 residents of target communities, and to nonprofit groups that have a
48 record of effective door-to-door outreach for similar community
49 projects.

50 6. The director of the department of revenue shall promulgate
51 rules and regulations to administer the provisions of this section. Any
52 rule or portion of a rule, as that term is defined in section 536.010, that
53 is created under the authority delegated in this section shall become
54 effective only if it complies with and is subject to all of the provisions
55 of chapter 536 and, if applicable, section 536.028. This section and
56 chapter 536 are nonseverable and if any of the powers vested with the
57 general assembly pursuant to chapter 536 to review, to delay the
58 effective date, or to disapprove and annul a rule are subsequently held

59 unconstitutional, then the grant of rulemaking authority and any rule
60 proposed or adopted after August 28, 2015, shall be invalid and void.

61 7. Under section 23.253 of the Missouri sunset act:

62 (1) The provisions of the new program authorized under this
63 section shall automatically sunset on December thirty-first six years
64 after the effective date of this section unless reauthorized by an act of
65 the general assembly; and

66 (2) If such program is reauthorized, the program authorized
67 under this section shall automatically sunset on December thirty- first
68 twelve years after the effective date of the reauthorization of this
69 section; and

70 (3) This section shall terminate on September first of the
71 calendar year immediately following the calendar year in which the
72 program authorized under this section is sunset.

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Bill

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