

FIRST REGULAR SESSION

# SENATE BILL NO. 197

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR ROWDEN.

Pre-filed December 8, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

0809S.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 purposes of this section, the following terms mean:**

**(1) "Department", the department of revenue;**

**(2) "Eligible taxpayer", a resident individual with a filing status of single, head of household, widowed, or married filing combined who is subject to the tax imposed under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265, and who is allowed a federal earned income tax credit under Section 32 of the Internal Revenue Code of 1986, as amended;**

**(3) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265.**

**3. For all tax years beginning on or after January 1, 2019, an eligible taxpayer shall be allowed a tax credit in the amount equal to twenty percent of the amount such taxpayer would receive under the federal earned income tax credit. The tax credit allowed by this section shall be claimed by such taxpayer at the time such taxpayer files a return and shall be applied against the income tax liability imposed by chapter 143 after reduction for all other credits allowed thereon. If the amount of the credit exceeds the tax liability, the difference shall not**

22 be refunded to the taxpayer and shall not be carried forward to any  
23 subsequent tax year.

24 4. Notwithstanding the provision of subsection 4 of section 32.057  
25 to the contrary, the department shall determine whether any taxpayer  
26 filing a report or return with the department who did not apply for the  
27 credit authorized under this section may qualify for the credit and, if  
28 so determines a taxpayer may qualify for the credit, shall notify such  
29 taxpayer of his or her potential eligibility. In making a determination  
30 of eligibility under this section, the department shall use any  
31 appropriate and available data including, but not limited to, data  
32 available from the Internal Revenue Service, the U.S. Department of  
33 Treasury, and state income tax returns from previous tax years.

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

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

54 7. The director of the department shall promulgate rules and  
55 regulations to administer the provisions of this section. Any rule or  
56 portion of a rule, as that term is defined in section 536.010, that is  
57 created under the authority delegated in this section shall become  
58 effective only if it complies with and is subject to all of the provisions

59 of chapter 536 and, if applicable, section 536.028. This section and  
60 chapter 536 are nonseverable, and if any of the powers vested with the  
61 general assembly pursuant to chapter 536 to review, to delay the  
62 effective date, or to disapprove and annul a rule are subsequently held  
63 unconstitutional, then the grant of rulemaking authority and any rule  
64 proposed or adopted after August 28, 2017, shall be invalid and void.

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