

FIRST REGULAR SESSION

SENATE BILL NO. 183

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR ARTHUR.

Pre-filed December 17, 2018, and ordered printed.

ADRIANE D. CROUSE, Secretary.

0229S.03I

AN ACT

To amend chapter 143, 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 143, RSMo, is amended by adding thereto one new section, to be known as section 143.177, to read as follows:

143.177. 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) "CPI", the Consumer Price Index for All Urban Consumers for the United States as reported by the Bureau of Labor Statistics, or its successor index;

(2) "CPI for the preceding calendar year", the average of the CPI as of the close of the twelve month period ending on August thirty-first of such calendar year;

(3) "Department", the department of revenue;

(4) "Eligible taxpayer", a resident individual with a filing status of single, head of household, qualified widow or widower, or married filing combined who is subject to the tax imposed under this chapter, 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;

(5) "Minimum income threshold", fifty percent of the total annual salary of a taxpayer working an average of forty hours per week at the wage rate provided under subsection 3 of section 290.502;

(6) "Non-eligible taxpayer", a resident individual with a filing status of single, head of household, qualified widow or widower, or

22 married filing combined who is subject to the tax imposed under this
23 chapter, excluding withholding tax imposed under sections 143.191 to
24 143.265, and who is not allowed a federal earned income tax credit
25 under Section 32 of the Internal Revenue Code of 1986, as amended, due
26 to the taxpayer's level of earned income;

27 (7) "Percent increase in inflation", the percentage, if any, by
28 which the CPI for the preceding calendar year exceeds the CPI for the
29 year beginning September 1, 2014, and ending August 31, 2015;

30 (8) "Tax credit", a credit against the tax otherwise due under this
31 chapter, excluding withholding tax imposed under sections 143.191 to
32 143.265.

33 3. An eligible taxpayer shall be allowed a tax credit in an amount
34 proportional to the amount such taxpayer would receive under the
35 federal earned income tax credit as follows:

36 (1) For the tax year beginning on or after January 1, 2020, and
37 ending on or before December 31, 2020, five percent of such federal tax
38 credit;

39 (2) For the tax year beginning on or after January 1, 2021, and
40 ending on or before December 31, 2021, ten percent of such federal tax
41 credit;

42 (3) For the tax year beginning on or after January 1, 2022, and
43 ending on or before December 31, 2022, fifteen percent of such federal
44 tax credit; and

45 (4) For all tax years beginning on or after January 1, 2023,
46 twenty percent of such federal tax credit.

47 4. In addition to the credit allowed under subsection 3 of this
48 section, eligible and non-eligible taxpayers whose filing status is single,
49 head of household, or qualified widow or widower, and whose Missouri
50 adjusted gross income exceeds the minimum income threshold, but does
51 not exceed twenty-five thousand dollars adjusted annually by the
52 percent increase in inflation, shall be allowed a tax credit in the
53 following amount:

54 (1) For the tax year beginning on or after January 1, 2020, and
55 ending on or before December 31, 2020, one hundred dollars;

56 (2) For the tax year beginning on or after January 1, 2021, and
57 ending on or before December 31, 2021, two hundred dollars;

58 (3) For the tax year beginning on or after January 1, 2022, and

59 ending on or before December 31, 2022, three hundred dollars;

60 (4) For all tax years beginning on or after January 1, 2023, four
61 hundred dollars;

62 5. In addition to the credit allowed under subsection 3 of this
63 section, eligible and non-eligible taxpayers whose filing status is
64 married filing combined, and whose Missouri adjusted gross income
65 exceeds the minimum income threshold, but does not exceed twenty-
66 five thousand dollars adjusted annually by the percent increase in
67 inflation, shall be allowed a tax credit in the following amount:

68 (1) For the tax year beginning on or after January 1, 2020, and
69 ending on or before December 31, 2020, two hundred dollars;

70 (2) For the tax year beginning on or after January 1, 2021, and
71 ending on or before December 31, 2021, four hundred dollars;

72 (3) For the tax year beginning on or after January 1, 2022, and
73 ending on or before December 31, 2022, six hundred dollars;

74 (4) For all tax years beginning on or after January 1, 2023, eight
75 hundred dollars;

76 6. The tax credits allowed by this section shall be claimed by
77 such taxpayer at the time such taxpayer files a return and shall be
78 applied against the income tax liability imposed by this chapter after
79 reduction for all other credits allowed thereon. If the amount of the
80 credit exceeds the tax liability, the difference shall be refunded to the
81 taxpayer.

82 7. Notwithstanding the provisions of subsection 4 of section
83 32.057 to the contrary, the department shall determine whether any
84 taxpayer filing a report or return with the department who did not
85 apply for the credits authorized under this section may qualify for the
86 credits and, if so determines a taxpayer may qualify for the credits,
87 shall notify such taxpayer of his or her potential eligibility. In making
88 a determination of eligibility under this section, the department shall
89 use any appropriate and available data including, but not limited to,
90 data available from the Internal Revenue Service, the U.S. Department
91 of Treasury, and state income tax returns from previous tax years.

92 8. The department shall prepare an annual report containing
93 statistical information regarding the tax credits issued under this
94 section for the previous tax year, including the total amount of revenue
95 expended on the credits, the number of credits claimed, and the

96 average value of the credits issued to taxpayers whose earned income
97 falls within various income ranges determined by the department.

98 **9. The department shall contract with one or more nonprofit**
99 **groups to provide notice of the credits to eligible taxpayers. The**
100 **department shall require evidence of the effectiveness of the nonprofit**
101 **group, the connection with the community in which the group operates,**
102 **and the ability to contact taxpayers that are unlikely to claim the**
103 **federal earned income tax credit including, but not limited to,**
104 **non-English speakers, the elderly, tenants, and very low-income**
105 **taxpayers who do not file tax returns annually. The department shall**
106 **give preference to nonprofit groups with members in low- and**
107 **moderate-income areas, to nonprofit groups with at least fifty-one**
108 **percent of its board of directors having low to moderate incomes and**
109 **residing in target communities, and to nonprofit groups that have a**
110 **record of effective door-to-door outreach for similar community**
111 **projects.**

112 **10. The director of the department shall promulgate rules and**
113 **regulations to administer the provisions of this section. Any rule or**
114 **portion of a rule, as that term is defined in section 536.010, that is**
115 **created under the authority delegated in this section shall become**
116 **effective only if it complies with and is subject to all of the provisions**
117 **of chapter 536 and, if applicable, section 536.028. This section and**
118 **chapter 536 are nonseverable, and if any of the powers vested with the**
119 **general assembly pursuant to chapter 536 to review, to delay the**
120 **effective date, or to disapprove and annul a rule are subsequently held**
121 **unconstitutional, then the grant of rulemaking authority and any rule**
122 **proposed or adopted after August 28, 2019, shall be invalid and void.**

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