

# SENATE BILL NO. 597

## 101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR MOON.

2783S.01H

ADRIANE D. CROUSE, Secretary

### AN ACT

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

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

Section A. Section 143.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.011, to read as follows:

143.011. 1. A tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. **For all tax years ending on or before December 31, 2021,** 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

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

17	Over \$4,000 but not over	\$90 plus 3 1/2% of excess over
18	\$5,000	\$4,000
19	Over \$5,000 but not over	\$125 plus 4% of excess over
20	\$6,000	\$5,000
21	Over \$6,000 but not over	\$165 plus 4 1/2% of excess over
22	\$7,000	\$6,000
23	Over \$7,000 but not over	\$210 plus 5% of excess over
24	\$8,000	\$7,000
25	Over \$8,000 but not over	\$260 plus 5 1/2% of excess over
26	\$9,000	\$8,000
27	Over \$9,000	\$315 plus 6% of excess over
28		\$9,000

29           2. (1) Beginning with the 2017 calendar year, the top  
30 rate of tax under subsection 1 of this section may be  
31 reduced over a period of years. Each reduction in the top  
32 rate of tax shall be by one-tenth of a percent and no more  
33 than one reduction shall occur in a calendar year. No more  
34 than five reductions shall be made under this subsection.  
35 Reductions in the rate of tax shall take effect on January  
36 first of a calendar year and such reduced rates shall  
37 continue in effect until the next reduction occurs.

38           (2) A reduction in the rate of tax shall only occur if  
39 the amount of net general revenue collected in the previous  
40 fiscal year exceeds the highest amount of net general  
41 revenue collected in any of the three fiscal years prior to  
42 such fiscal year by at least one hundred fifty million  
43 dollars.

44           (3) Any modification of tax rates under this  
45 subsection shall only apply to tax years that begin on or  
46 after a modification takes effect.

47           (4) The director of the department of revenue shall,  
48 by rule, adjust the tax tables under subsection 1 of this  
49 section to effectuate the provisions of this subsection.  
50 The bracket for income subject to the top rate of tax shall  
51 be eliminated once the top rate of tax has been reduced to  
52 five and one-half percent, and the top remaining rate of tax  
53 shall apply to all income in excess of the income in the  
54 second highest remaining income bracket.

55           3. (1) In addition to the rate reductions under  
56 subsection 2 of this section, beginning with the 2019  
57 calendar year, the top rate of tax under subsection 1 of  
58 this section shall be reduced by four-tenths of one  
59 percent. Such reduction in the rate of tax shall take  
60 effect on January first of the 2019 calendar year.

61           (2) The modification of tax rates under this  
62 subsection shall only apply to tax years that begin on or  
63 after the date the modification takes effect.

64           (3) The director of the department of revenue shall,  
65 by rule, adjust the tax tables under subsection 1 of this  
66 section to effectuate the provisions of this subsection.

67           4. Beginning with the 2017 calendar year, the brackets  
68 of Missouri taxable income identified in subsection 1 of  
69 this section shall be adjusted annually by the percent  
70 increase in inflation. The director shall publish such  
71 brackets annually beginning on or after October 1, 2016.  
72 Modifications to the brackets shall take effect on January  
73 first of each calendar year and shall apply to tax years  
74 beginning on or after the effective date of the new brackets.

75           5. (1) **For all tax years beginning on or after**  
76 **January 1, 2022, the tax shall be determined by applying the**  
77 **tax rate and tax formulas as follows:**

78           If the Missouri taxable    The tax rate and tax are:  
79           income is:

80           Not over \$9,000                   (YTI ÷ C + 0.014) x YTI

81           Over \$9,000                       (0.054 - (D ÷ YTI)) x YTI

82

83           (2) The department of revenue shall promulgate rules  
84 to implement the provisions of this subsection. Any rule or  
85 portion of a rule, as that term is defined in section  
86 536.010, that is created under the authority delegated in  
87 this section shall become effective only if it complies with  
88 and is subject to all of the provisions of chapter 536 and,  
89 if applicable, section 536.028. This section and chapter  
90 536 are nonseverable and if any of the powers vested with  
91 the general assembly pursuant to chapter 536 to review, to  
92 delay the effective date, or to disapprove and annul a rule  
93 are subsequently held unconstitutional, then the grant of  
94 rulemaking authority and any rule proposed or adopted after  
95 August 28, 2021, shall be invalid and void.

96           6. As used in this section, the following terms mean:

97           (1) "C", four hundred sixty-eight thousand two hundred  
98 sixty-two;

99           (2) "CPI", the Consumer Price Index for All Urban  
100 Consumers for the United States as reported by the Bureau of  
101 Labor Statistics, or its successor index;

102           [(2)] (3) "CPI for the preceding calendar year", the  
103 average of the CPI as of the close of the twelve month  
104 period ending on August thirty-first of such calendar year;

105           (4) "D", one hundred eighty-seven;

106           [(3)] (5) "Net general revenue collected", all revenue  
107 deposited into the general revenue fund, less refunds and  
108 revenues originally deposited into the general revenue fund

109 but designated by law for a specific distribution or  
110 transfer to another state fund;

111        [(4)] (6) "Percent increase in inflation", the  
112 percentage, if any, by which the CPI for the preceding  
113 calendar year exceeds the CPI for the year beginning  
114 September 1, 2014, and ending August 31, 2015;

115        (7) "YTI", Missouri taxable income as calculated  
116 pursuant to section 143.111 multiplied by number of the  
117 filing periods.

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