

SENATE SUBSTITUTE
FOR
SENATE COMMITTEE SUBSTITUTE
FOR
SENATE BILLS NOS. 3 & 5
AN ACT

To repeal section 143.021, RSMo, and section 143.011 as enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular session, and to enact in lieu thereof two new sections relating to income taxes, with an effective date for a certain section and an emergency clause for a certain section.

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

Section A. Section 143.021, RSMo, and section 143.011 as
2 enacted by senate bills nos. 153 & 97, one hundred first general
3 assembly, first regular session, are repealed and two new
4 sections enacted in lieu thereof, to be known as sections
5 143.011 and 143.021, to read as follows:

143.011. 1. A tax is hereby imposed for every taxable
2 year on the Missouri taxable income of every resident. The
3 tax shall be determined by applying the tax table or the
4 rate provided in section 143.021, which is based upon the
5 following rates:

If the Missouri taxable income is:	The tax is:
8 Not over \$1,000.00 9	1 1/2% of the Missouri taxable income
10 Over \$1,000 but not over 11 \$2,000	\$15 plus 2% of excess over \$1,000
12 Over \$2,000 but not over 13 \$3,000	\$35 plus 2 1/2% of excess over \$2,000

14	Over \$3,000 but not over	\$60 plus 3% of excess over
15	\$4,000	\$3,000
16	Over \$4,000 but not over	\$90 plus 3 1/2% of excess over
17	\$5,000	\$4,000
18	Over \$5,000 but not over	\$125 plus 4% of excess over
19	\$6,000	\$5,000
20	Over \$6,000 but not over	\$165 plus 4 1/2% of excess over
21	\$7,000	\$6,000
22	Over \$7,000 but not over	\$210 plus 5% of excess over
23	\$8,000	\$7,000
24	Over \$8,000 but not over	\$260 plus 5 1/2% of excess over
25	\$9,000	\$8,000
26	Over \$9,000	\$315 plus 6% of excess over
27		\$9,000

28 2. (1) [Beginning with the 2017 calendar year, the
29 top rate of tax under subsection 1 of this section may be
30 reduced over a period of years. Each reduction in the top
31 rate of tax shall be by one-tenth of a percent and no more
32 than one reduction shall occur in a calendar year. No more
33 than seven reductions shall be made under this subsection.
34 Reductions in the rate of tax shall take effect on January
35 first of a calendar year and such reduced rates shall
36 continue in effect until the next reduction occurs.

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

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

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

54 (5) Notwithstanding the provisions of subdivision (1)
55 of this subsection to the contrary, there shall be no
56 reduction under this subsection in the 2024 calendar year.
57 However, such reductions shall continue after the 2024
58 calendar year for subsequent calendar years.

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

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

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

71 4. (1) In addition to the rate reductions under
72 subsections 2 and 3 of this section, beginning with the 2024
73 calendar year, the top rate of tax under subsection 1 of
74 this section shall be reduced by one-tenth of one percent.

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

78 (3) The director of the department of revenue shall,
79 by rule, adjust the tax tables under subsection 1 of this
80 section to effectuate the provisions of this subsection.]

81 Notwithstanding the provisions of subsection 1 of this
82 section to the contrary, beginning with the 2023 calendar
83 year, the top rate of tax pursuant to subsection 1 of this
84 section shall be four and ninety-five hundredths percent.

85 (2) The modification of tax rates made pursuant to
86 this subsection shall apply only to tax years that begin on
87 or after January 1, 2023.

88 (3) The director of the department of revenue shall,
89 by rule, adjust the tax table provided in subsection 1 of
90 this section to effectuate the provisions of this
91 subsection. The top remaining rate of tax shall apply to
92 all income in excess of seven thousand dollars, as adjusted
93 pursuant to subsection 5 of this section.

94 3. (1) In addition to the rate reduction under
95 subsection 2 of this section, beginning with the 2024
96 calendar year, the top rate of tax under subsection 1 of
97 this section may be reduced by fifteen hundredths of a
98 percent. A reduction in the rate of tax shall take effect
99 on January first of a calendar year and such reduced rates
100 shall continue in effect until the next reduction occurs.

101 (2) A reduction in the rate of tax shall only occur if
102 the amount of net general revenue collected in the previous
103 fiscal year exceeds the highest amount of net general
104 revenue collected in any of the three fiscal years prior to
105 such fiscal year by at least one hundred seventy-five
106 million dollars.

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

110 (4) The director of the department of revenue shall,
111 by rule, adjust the tax tables under subsection 1 of this
112 section to effectuate the provisions of this subsection.

113 4. (1) In addition to the rate reductions under
114 subsections 2 and 3 of this section, beginning with the
115 calendar year immediately following the calendar year in
116 which a reduction is made pursuant to subsection 3 of this
117 section, the top rate of tax under subsection 1 of this
118 section may be further reduced over a period of years. Each
119 reduction in the top rate of tax shall be by one-tenth of a
120 percent and no more than one reduction shall occur in a
121 calendar year. No more than three reductions shall be made
122 under this subsection. Reductions in the rate of tax shall
123 take effect on January first of a calendar year and such
124 reduced rates shall continue in effect until the next
125 reduction occurs.

126 (2) (a) A reduction in the rate of tax shall only
127 occur if:

128 a. The amount of net general revenue collected in the
129 previous fiscal year exceeds the highest amount of net
130 general revenue collected in any of the three fiscal years
131 prior to such fiscal year by at least two hundred million
132 dollars; and

133 b. The amount of net general revenue collected in the
134 previous fiscal year exceeds the amount of net general
135 revenue collected in the fiscal year five years prior,
136 adjusted annually by the percentage increase in inflation
137 over the preceding five fiscal years.

138 (b) The amount of net general revenue collected
139 required by subparagraph a of paragraph (a) of this
140 subdivision in order to make a reduction pursuant to this
141 subsection shall be adjusted annually by the percent

142 increase in inflation beginning with the effective date of
143 this section.

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

147 (4) The director of the department of revenue shall,
148 by rule, adjust the tax tables under subsection 1 of this
149 section to effectuate the provisions of this subsection.
150 The bracket for income subject to the top rate of tax shall
151 be eliminated once the top rate of tax has been reduced
152 below the rate applicable to such bracket, and the top
153 remaining rate of tax shall apply to all income in excess of
154 the income in the second highest remaining income bracket.

155 5. Beginning with the 2017 calendar year, the brackets
156 of Missouri taxable income identified in subsection 1 of
157 this section shall be adjusted annually by the percent
158 increase in inflation. The director shall publish such
159 brackets annually beginning on or after October 1, 2016.
160 Modifications to the brackets shall take effect on January
161 first of each calendar year and shall apply to tax years
162 beginning on or after the effective date of the new brackets.

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

164 (1) "CPI", the Consumer Price Index for All Urban
165 Consumers for the United States as reported by the Bureau of
166 Labor Statistics, or its successor index;

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

170 (3) "Net general revenue collected", all revenue
171 deposited into the general revenue fund, less refunds and
172 revenues originally deposited into the general revenue fund
173 but designated by law for a specific distribution or
174 transfer to another state fund;

175 (4) "Percent increase in inflation", the percentage,
176 if any, by which the CPI for the preceding calendar year
177 exceeds the CPI for the year beginning September 1, 2014,
178 and ending August 31, 2015.

143.021. 1. Every resident having a taxable income
2 shall determine his or her tax from the rates provided in
3 section 143.011. For all tax years beginning on or before
4 December 31, 2022, there shall be no tax on a taxable income
5 of less than one hundred dollars.

6 2. (1) Notwithstanding the provisions of subsection 1
7 of section 143.011 to the contrary, for all tax years
8 beginning on or after January 1, 2023, there shall be no tax
9 on taxable income of less than or equal to one thousand
10 dollars, as adjusted pursuant to subsection 5 of section
11 143.011.

12 (2) The modifications made pursuant to this subsection
13 shall only apply to tax years that begin on or after January
14 1, 2023.

15 (3) The director of the department of revenue shall,
16 by rule, adjust the tax table provided in subsection 1 of
17 section 143.011 to effectuate the provisions of this
18 subsection.

Section B. The repeal and reenactment of section
2 143.011 of this act shall become effective on January 1,
3 2023.

Section C. Because of the importance of providing tax
2 relief for all Missourians, the repeal and reenactment of
3 section 143.021 of this act is deemed necessary for the
4 immediate preservation of the public health, welfare, peace,
5 and safety, and is hereby declared to be an emergency act
6 within the meaning of the constitution, and the repeal and
7 reenactment of section 143.021 of this act shall be in full
8 force and effect upon its passage and approval.