

SENATE BILL NO. 13

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR RIZZO.

5942S.01H

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal section 143.177, 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Section A. Section 143.177, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 143.177,
3 to read as follows:

143.177. 1. This section shall be known and may be
2 cited as the "Missouri Working Family Tax Credit Act".

3 2. For purposes of this section, the following terms
4 shall mean:

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

6 (2) "Eligible taxpayer", a resident individual with a
7 filing status of single, head of household, widowed, or
8 married filing combined who is subject to the tax imposed
9 under this chapter, excluding withholding tax imposed under
10 sections 143.191 to 143.265, and who is allowed a federal
11 earned income tax credit under 26 U.S.C. Section 32, as
12 amended;

13 (3) "Tax credit", a credit against the tax otherwise
14 due under this chapter, excluding withholding tax imposed
15 under sections 143.191 to 143.265.

16 3. (1) Beginning with the 2023 calendar year, an
17 eligible taxpayer shall be allowed a tax credit in an amount
18 equal to a percentage of the amount such taxpayer would

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

19 receive under the federal earned income tax credit as such
20 credit existed under 26 U.S.C. Section 32 as of January 1,
21 2021, as provided pursuant to subdivision (2) of this
22 subsection. The tax credit allowed by this section shall be
23 claimed by such taxpayer at the time such taxpayer files a
24 return and shall be applied against the income tax liability
25 imposed by this chapter after reduction for all other
26 credits allowed thereon. If the amount of the credit
27 exceeds the tax liability, the difference shall [not] be
28 refunded to the taxpayer [and shall not be carried forward
29 to any subsequent tax year].

30 (2) Subject to the provisions of subdivision (3) of
31 this subsection, the percentage of the federal earned income
32 tax credit to be allowed as a tax credit pursuant to
33 subdivision (1) of this subsection shall be ten percent,
34 which may be increased to twenty percent subject to the
35 provisions of subdivision (3) of this subsection. The
36 maximum percentage that may be claimed as a tax credit
37 pursuant to this section shall be twenty percent of the
38 federal earned income tax credit that may be claimed by such
39 taxpayer. Any increase in the percentage that may be
40 claimed as a tax credit shall take effect on January first
41 of a calendar year and such percentage shall continue in
42 effect until the next percentage increase occurs. An
43 increase shall only apply to tax years that begin on or
44 after the increase takes effect.

45 (3) The initial percentage to be claimed as a tax
46 credit and any increase in the percentage that may be
47 claimed pursuant to subdivision (2) of this subsection shall
48 only occur if the amount of net general revenue collected in
49 the previous fiscal year exceeds the highest amount of net
50 general revenue collected in any of the three fiscal years

51 prior to such fiscal year by at least one hundred fifty
52 million dollars.

53 4. Notwithstanding the provisions of section 32.057 to
54 the contrary, the department shall determine whether any
55 taxpayer filing a report or return with the department who
56 did not apply for the credit authorized under this section
57 may qualify for the credit and, if so, determines a taxpayer
58 may qualify for the credit, shall notify such taxpayer of
59 his or her potential eligibility. In making a determination
60 of eligibility under this section, the department shall use
61 any appropriate and available data including, but not
62 limited to, data available from the Internal Revenue
63 Service, the U.S. Department of Treasury, and state income
64 tax returns from previous tax years.

65 5. The department shall prepare an annual report
66 containing statistical information regarding the tax credits
67 issued under this section for the previous tax year,
68 including the total amount of revenue expended, the number
69 of credits claimed, and the average value of the credits
70 issued to taxpayers whose earned income falls within various
71 income ranges determined by the department.

72 6. The director of the department may promulgate rules
73 and regulations to administer the provisions of this
74 section. Any rule or portion of a rule, as that term is
75 defined in section 536.010, that is created under the
76 authority delegated in this section shall become effective
77 only if it complies with and is subject to all of the
78 provisions of chapter 536 and, if applicable, section
79 536.028. This section and chapter 536 are nonseverable and
80 if any of the powers vested with the general assembly
81 pursuant to chapter 536 to review, to delay the effective
82 date, or to disapprove and annul a rule are subsequently

83 held unconstitutional, then the grant of rulemaking
84 authority and any rule proposed or adopted after January 1,
85 2023, shall be invalid and void.

86 7. Tax credits authorized under this section shall not
87 be subject to the requirements of sections 135.800 to
88 135.830.

✓