

SENATE BILL NO. 3

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOUGH.

5974S.011

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal 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 143.011 as enacted by senate bills
2 nos. 153 & 97, one hundred first general assembly, first regular
3 session, is repealed and two new sections enacted in lieu
4 thereof, to be known as sections 143.011 and 143.803, to read
5 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:
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

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

12	Over \$2,000 but not over	\$35 plus 2 1/2% of excess over
13	\$3,000	\$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 top
29 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 **5. (1) In addition to the rate reductions under**
82 **subsections 2 to 4 of this section, beginning with the**
83 **calendar year following the calendar year in which the final**
84 **reduction in the top rate of tax is made pursuant to**
85 **subsection 2 of this section, the top rate of tax under**
86 **subsection 1 of this section may be further reduced over a**
87 **period of years. Each reduction in the top rate of tax**
88 **shall be by one-tenth of a percent and no more than one**
89 **reduction shall occur in a calendar year. No more than**
90 **three reductions shall be made under this subsection.**
91 **Reductions in the rate of tax shall take effect on January**
92 **first of a calendar year and such reduced rates shall**
93 **continue in effect until the next reduction occurs.**

94 (2) (a) A reduction in the rate of tax shall only
95 occur if the amount of net general revenue collected in the
96 previous fiscal year exceeds the highest amount of net
97 general revenue collected in any of the three fiscal years
98 prior to such fiscal year by at least two hundred fifty
99 million dollars.

100 (b) Beginning in the first calendar year in which a
101 reduction is made pursuant to this subsection, the required
102 amount of net general revenue collected to make a reduction
103 pursuant to this subsection shall be adjusted annually by
104 the percent increase in inflation.

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

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

111 [5.] 6. Beginning with the 2017 calendar year, the
112 brackets of Missouri taxable income identified in subsection
113 1 of this section shall be adjusted annually by the percent
114 increase in inflation. The director shall publish such
115 brackets annually beginning on or after October 1, 2016.
116 Modifications to the brackets shall take effect on January
117 first of each calendar year and shall apply to tax years
118 beginning on or after the effective date of the new brackets.

119 [6.] 7. As used in this section, the following terms
120 mean:

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

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

127 (3) "Net general revenue collected", all revenue
128 deposited into the general revenue fund, less refunds and
129 revenues originally deposited into the general revenue fund
130 but designated by law for a specific distribution or
131 transfer to another state fund;

132 (4) "Percent increase in inflation", the percentage,
133 if any, by which the CPI for the preceding calendar year
134 exceeds the CPI for the year beginning September 1, 2014,
135 and ending August 31, 2015.

143.803. 1. For the tax year beginning on or after
2 January 1, 2021, and ending on or before December 31, 2021,
3 each taxpayer shall be entitled to a tax credit equal to the
4 following amounts:

5 (1) For a taxpayer with a filing status of single,
6 married filing separately, or head of household, and with a
7 Missouri adjusted gross income of less than one hundred
8 fifty thousand dollars, three hundred twenty-five dollars;
9 and

10 (2) For a taxpayer with a filing status of married
11 filing jointly, and with a Missouri adjusted gross income of
12 less than three hundred thousand dollars, six hundred fifty
13 dollars.

14 2. The department of revenue shall automatically apply
15 the tax credit authorized by this section to a taxpayer's
16 tax liability, and a taxpayer shall not be required to apply
17 for such tax credit or to amend a return to claim such tax
18 credit.

19 3. Tax credits authorized by this section shall be
20 considered a refund of an overpayment of taxes, and such
21 refunds shall be remitted to a taxpayer no later than
22 December 1, 2022.

23 4. The provisions of this section shall expire on
24 December 31, 2023.

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 tax relief for
2 all Missourians, the enactment of section 143.803 of this
3 act is deemed necessary for the immediate preservation of
4 the public health, welfare, peace, and safety, and is hereby
5 declared to be an emergency act within the meaning of the

6 constitution, and the enactment of section 143.803 of this
7 act shall be in full force and effect upon its passage and
8 approval.

✓