

SENATE BILL NO. 993

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR BROWN (26).

3892S.03I

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 92.120, RSMo, and to enact in lieu thereof one new section relating to earnings taxes.

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

Section A. Section 92.120, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 92.120,
3 to read as follows:

92.120. 1. The tax on salaries, wages, commissions
2 and other compensation of individuals, subject to tax, and
3 on the net profits or earnings of associations, businesses
4 or other activities, and corporations, subject to tax, shall
5 not be in excess of one percent per annum.

6 2. (1) For all tax years beginning on or after
7 January 1, 2025, the rate of tax imposed pursuant to
8 sections 92.105 to 92.200 in any city not within a county
9 may be reduced over a period of years. Each reduction in
10 the rate of tax shall be by one-tenth of a percent.
11 Reductions in the rate of tax shall take effect on January
12 first of a calendar year and such reduced rates shall
13 continue in effect until the next reduction occurs.

14 (2) A reduction in the rate of tax shall only occur if
15 the amount of annual revenue received in the previous fiscal
16 year exceeds the amount of annual revenue received in the
17 fiscal year immediately prior to such fiscal year by at

18 least three percent, and more than one reduction may be made
19 in a calendar year.

20 (3) In any year that a reduction in the rate of tax is
21 made pursuant to this subsection, an amount equal to fifty
22 percent of the growth in annual revenue received for such
23 year shall be deposited into the earnings tax reserve fund
24 created pursuant to subsection 3 of this section.

25 (4) Any modification of tax rates under this
26 subsection shall only apply to tax years that begin on or
27 after a modification takes effect.

28 (5) The chief financial officer of the city shall
29 publish the updated rate of tax on the city's website.

30 (6) For the purposes of this subsection, "annual
31 revenue received" shall mean all revenue received from any
32 source, including, but not limited to, taxes, fees, charges
33 for services, grants, loans or other intergovernmental
34 transfers, court fines and forfeitures, leases, and
35 investment income.

36 3. A city not within a county shall establish an
37 "Earnings Tax Reserve Fund" for the purposes of receiving
38 deposits made pursuant to subsection 2 of this section.
39 Funds deposited into the fund shall be used to offset any
40 reduction in revenues due to reductions in the rate of tax
41 made pursuant to subsection 2 of this section. If the
42 balance in the fund exceeds the amount necessary to offset
43 reductions in revenue due to reductions in the rate of tax,
44 the governing body of the city may authorize refunds to
45 taxpayers from such excess balance.

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