

SECOND REGULAR SESSION

# SENATE BILL NO. 1091

## 103RD GENERAL ASSEMBLY

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INTRODUCED BY SENATOR LEWIS.

4832S.01I

KRISTINA MARTIN, Secretary

### AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a child tax credit.

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

Section A. Chapter 135, RSMo, is amended by adding thereto  
2 one new section, to be known as section 135.320, to read as  
3 follows:

135.320. 1. This section shall be known and may be  
2 cited as the "Missouri Child Tax Credit Act".  
3 2. As used in this section, the following terms mean:  
4 (1) "Child", an individual who bears a relationship to  
5 the qualified taxpayer as a biological child, adopted child,  
6 stepchild, foster child, or a descendant of any of the  
7 foregoing; or a brother, sister, half-brother, half-sister,  
8 stepbrother, stepsister, or a descendant of the foregoing;  
9 (2) "Department", the department of revenue;  
10 (3) "Qualified child", any child of the qualified  
11 taxpayer who:  
12 (a) Is properly listed as a dependent of the taxpayer  
13 on the taxpayer's federal income tax return;  
14 (b) Is under eighteen years of age at the end of the  
15 tax year;  
16 (c) Did not provide more than half the costs of his or  
17 her own support; and

(d) Lived with the taxpayer for more than half of the tax year in the state of Missouri;

(4) "Qualified taxpayer", any resident individual who:

(a) Has a filing status of:

a. Single, head of household, or widow(er) and a  
b. Adjusted gross income of seventy-five thousand  
c. or less: or

b. Married filing combined and a combined Missouri  
stated gross income of one hundred fifty thousand dollars  
less;

(b) Is subject to the state income tax imposed under chapter 143;

(c) Bears a relationship to the qualified child as defined under this section; and

(d) Is not a dependent of another individual;

(5) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265.

3. For all tax years beginning on or after January 1, 2027, a qualified taxpayer shall be allowed to claim a refundable tax credit against the taxpayer's state tax liability for each qualified child in the following amounts:

(1) Seven thousand two hundred dollars for each qualified child who is under seven years of age as of the close of the calendar year in which the tax year of the taxpayer begins; or

(2) Three thousand six hundred dollars for each qualified child seven years of age or older but under eighteen years of age as of the close of the calendar year in which the tax year of the taxpayer begins.

4. Except in the case of a tax year closed by reason of the death of the qualified taxpayer, no tax credit under

50 this section shall be allowed in the case of a tax year  
51 covering a period of less than twelve months.

52 5. No qualified child shall be claimed for more than  
53 one tax credit in the same tax year. If a child may be  
54 claimed as a qualified child by two or more taxpayers for a  
55 tax year beginning in the same calendar year, the department  
56 may adopt rules and regulations addressing such instance and  
57 reference the provisions of the Internal Revenue Code of  
58 1986, as amended, or other provisions of the laws of the  
59 United States relating to federal income taxes.

60 6. For a given tax year, a qualified taxpayer shall be  
61 allowed to claim a cumulative amount of up to six tax  
62 credits under this section.

63 7. (1) The department shall establish a program for  
64 making monthly advance payments to qualified taxpayers. A  
65 qualified taxpayer may apply to receive such tax credit in  
66 advance of filing the taxpayer's Missouri income tax return  
67 using an application or process prescribed by rule or  
68 regulation or on the department's website and may elect to  
69 receive such credit, upon approval by the department, in the  
70 form of advanced equal monthly disbursements. Qualified  
71 taxpayers opting for advanced monthly disbursements shall  
72 receive:

73 (a) Six hundred dollars per month for each qualified  
74 child under seven years of age; or

75 (b) Three hundred dollars per month for each qualified  
76 child seven years of age or older but under eighteen years  
77 of age.

78 (2) If the qualified taxpayer elects not to receive  
79 advance payments of the tax credit or did not apply for the  
80 advance payments, the qualified taxpayer may claim this tax  
81 credit when filing his or her Missouri income tax return.

8. (1) The department shall begin accepting 2027 tax year advanced payment applications for the tax credit authorized under this section on or before October 1, 2026, and shall allow advanced payment applications for the 2027 tax year through June 30, 2027. For each tax year thereafter, such application period shall begin on or before July first preceding the tax year for which the credit is claimed and end June thirtieth of the tax year for which the credit is claimed, with exceptions for amendments, supplemental information, and other reasons that the department may allow by rule.

114 first month of the tax year for which the credit is claimed  
115 in advance or the month following approval of the  
116 application, whichever is later.

117 (3) The department may modify, during any calendar  
118 year, the advanced payment amount with respect to any  
119 qualified taxpayer for such calendar year to take into  
120 account:

121 (a) A Missouri income tax return filed by such  
122 taxpayer; and

123 (b) Any other information provided by the taxpayer to  
124 the department.

125 (4) In the case of any modification under subdivision  
126 (3) of this subsection, the department may adjust the amount  
127 of any advanced payment made after the date of such  
128 modification to properly take into account the amount by  
129 which any advanced payment made before such date was greater  
130 than or less than the amount that such payment would have  
131 been on the basis of the advanced payment amount as so  
132 modified.

133 (5) Any refunds issued from this tax credit shall be  
134 offset against a qualified taxpayer's outstanding state tax  
135 liabilities or certain other debts as described under  
136 section 143.611 and sections 143.781 to 143.790. The  
137 department may promulgate rules addressing excess advance  
138 payments, recapture, reconciliation, clerical errors, how to  
139 update addresses or banking information, applying for  
140 additional qualifying children throughout the year, and any  
141 other provisions necessary to effectuate the program under  
142 this section.

143 9. No tax credit shall be allowed under this section  
144 to a qualified taxpayer with respect to any qualified child  
145 unless the qualified taxpayer includes the name, Social

146 Security number, custody decrees or arrangements if  
147 applicable, and any other identification documents for such  
148 qualifying child that the department determines to be  
149 necessary to be submitted with the application for advanced  
150 payment of the tax credit or on the Missouri income tax  
151 return for the tax year that the tax credit is claimed.

152 10. Notwithstanding the provisions of section 32.057  
153 to the contrary, the department or any duly authorized  
154 employee or agent shall determine whether any taxpayer  
155 filing a report or return with the department who did not  
156 apply for the credit authorized under this section may  
157 qualify for the credit and, if the department or such  
158 authorized employee or agent determines a taxpayer may  
159 qualify for the credit, the department or such employee or  
160 agent shall notify such taxpayer of his or her potential  
161 eligibility. In making a determination of eligibility under  
162 this section, the department shall use any appropriate and  
163 available data.

164 11. Notwithstanding any provision of law to the  
165 contrary, the refundable tax credit and its payment  
166 authorized under this section shall be in addition to any  
167 federal child tax credits under 24 U.S.C. Section 26 claimed  
168 by the qualified taxpayer, and any amounts of the credit  
169 paid to the taxpayer shall not be considered as assets,  
170 income, or resources to the same extent the federal credit  
171 and its payment would be disregarded under 26 U.S.C. Section  
172 6409, not taxable as state or federal income, and not taken  
173 into account as income for the purposes of determining  
174 eligibility of an individual for benefits or assistance or  
175 the amount or extent of benefits or assistance under any  
176 state program and, to the extent permitted by federal law,

177 under any state program financed in whole or in part with  
178 federal funds.

179 12. No tax credit claimed under this section shall be  
180 carried forward to any subsequent tax year. No tax credit  
181 claimed under this section shall be assigned, transferred,  
182 sold, or otherwise conveyed.

183 13. Tax credits authorized under this section shall  
184 not be subject to the requirements of sections 135.800 to  
185 135.830.

186 14. The department shall prepare an annual report  
187 containing information on the effectiveness and reach of the  
188 tax credit and statistical information regarding the tax  
189 credits issued under this section for the previous tax year  
190 including, but not limited to, the number of taxpayers  
191 claiming the tax credit; the number of total credits claimed  
192 and credit amount; the average claimant's income; the  
193 average credit amount per child and per claimant; the total  
194 amount of revenue expended; impact on family economic  
195 stability; and recommendations for improvements to the tax  
196 credit program. No data shall be disclosed in any form that  
197 allows the personal identification of any child or taxpayer  
198 to any individual or entity.

199 15. Beginning with the 2028 calendar year, the  
200 department of revenue shall assess the income eligibility  
201 thresholds, tax credit amount, monthly advanced payment  
202 amounts, and other provisions of the Missouri child tax  
203 credit under this section and shall increase such amounts  
204 annually for inflation based on the Consumer Price Index for  
205 All Urban Consumers for the United States, as reported by  
206 the Bureau of Labor Statistics, or its successor index.  
207 Modifications to the tax credit under this section shall  
208 take effect on January first of each calendar year and shall

209 apply to tax years beginning on or after the effective date  
210 of the modifications.

211 16. Notwithstanding any provision of section 105.1500  
212 to the contrary, any requirement to provide information,  
213 documents, or records under this section, and any  
214 requirement established by the department to provide  
215 information, documents, or records for the purpose of  
216 administering and enforcing this section shall be exempt  
217 from section 105.1500.

218 17. The department of revenue shall promulgate all  
219 necessary rules and regulations for the administration of  
220 this section. Any rule or portion of a rule, as that term  
221 is defined in section 536.010, that is created under the  
222 authority delegated in this section shall become effective  
223 only if it complies with and is subject to all of the  
224 provisions of chapter 536 and, if applicable, section  
225 536.028. This section and chapter 536 are nonseverable and  
226 if any of the powers vested with the general assembly  
227 pursuant to chapter 536 to review, to delay the effective  
228 date, or to disapprove and annul a rule are subsequently  
229 held unconstitutional, then the grant of rulemaking  
230 authority and any rule proposed or adopted after August 28,  
231 2026, shall be invalid and void.

232 18. Pursuant to section 23.253 of the Missouri sunset  
233 act:

234 (1) The program authorized pursuant to this section  
235 shall automatically sunset six years after the effective  
236 date of this section unless reauthorized by an act of the  
237 general assembly;

238 (2) This section shall terminate on September first of  
239 the calendar year immediately following the calendar year in

240 which the program authorized pursuant to this section is  
241 sunset; and

242 (3) The provisions of this subsection shall not be  
243 construed to impair or impede the state's fulfillment of any  
244 obligations, including the authorization, issuance, or  
245 redemption of tax credits, incurred pursuant to this section  
246 prior to the date the program authorized pursuant to this  
247 section is sunset.

248 19. Notwithstanding the provisions of section 1.140 to  
249 the contrary, the provisions of this section shall be  
250 nonseverable, and if any provision is for any reason held to  
251 be invalid, such decision shall invalidate all of the  
252 remaining provisions of this section.

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