

SENATE BILL NO. 1091

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR LEWIS.

4832S.011

KRISTINA MARTIN, Secretary

AN ACT

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

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

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

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

21 (a) Has a filing status of:

22 a. Single, head of household, or widow(er) and a
23 Missouri adjusted gross income of seventy-five thousand
24 dollars or less; or

25 b. Married filing combined and a combined Missouri
26 adjusted gross income of one hundred fifty thousand dollars
27 or less;

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

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

32 (d) Is not a dependent of another individual;

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

36 3. For all tax years beginning on or after January 1,
37 2027, a qualified taxpayer shall be allowed to claim a
38 refundable tax credit against the taxpayer's state tax
39 liability for each qualified child in the following amounts:

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

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

48 4. Except in the case of a tax year closed by reason
49 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.

82 (3) If a qualified taxpayer applies for advanced
83 payments of the tax credit under this section, any
84 additional amount remaining may be applied against the
85 qualified taxpayer's Missouri income tax return for the tax
86 year against which the credit was claimed.

87 (4) A qualified taxpayer applying for the advanced
88 payments shall include the qualified taxpayer's reasonably
89 estimated Missouri adjusted gross income and reasonably
90 expected filing status in the form, application, or other
91 documentation established by the department.

92 8. (1) The department shall begin accepting 2027 tax
93 year advanced payment applications for the tax credit
94 authorized under this section on or before October 1, 2026,
95 and shall allow advanced payment applications for the 2027
96 tax year through June 30, 2027. For each tax year
97 thereafter, such application period shall begin on or before
98 July first preceding the tax year for which the credit is
99 claimed and end June thirtieth of the tax year for which the
100 credit is claimed, with exceptions for amendments,
101 supplemental information, and other reasons that the
102 department may allow by rule.

103 (2) The department may begin monthly advanced payments
104 for the 2027 tax year beginning on or after January 1, 2027,
105 or immediately upon approval of the application to each
106 qualified taxpayer claiming a credit under this section each
107 year, whichever is later; and for all tax years thereafter,
108 beginning on or after each January first of the calendar
109 year for which the tax credit is claimed in advance, or
110 immediately upon approval of the application to each
111 qualified taxpayer claiming a credit under this section each
112 year, whichever is later. The advanced payments shall be
113 paid on or before the last day of each month, beginning the

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,

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

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

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

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

15. Beginning with the 2028 calendar year, the department of revenue shall assess the income eligibility thresholds, tax credit amount, monthly advanced payment amounts, and other provisions of the Missouri child tax credit under this section and shall increase such amounts annually for inflation based on the Consumer Price Index for All Urban Consumers for the United States, as reported by the Bureau of Labor Statistics, or its successor index. Modifications to the tax credit under this section shall 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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