

# SENATE BILL NO. 1240

## 103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR COLEMAN.

4352S.011

KRISTINA MARTIN, Secretary

### AN ACT

To repeal section 143.011, 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Section A. Section 143.011, RSMo, is repealed and one new  
2 section enacted in lieu thereof, to be known as section 143.011,  
3 to read as follows:

143.011. 1. **For all tax years beginning on or before**  
2 **December 31, 2026**, a tax is hereby imposed for every taxable  
3 year on the Missouri taxable income of every resident. The  
4 tax shall be determined by applying the tax table or the  
5 rate provided in section 143.021, which is based upon the  
6 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
Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of excess over \$2,000
Over \$3,000 but not over \$4,000	\$60 plus 3% of excess over \$3,000

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

17	Over \$4,000 but not	\$90 plus 3 1/2% of excess
18	over \$5,000	over \$4,000
19	Over \$5,000 but not	\$125 plus 4% of excess over
20	over \$6,000	\$5,000
21	Over \$6,000 but not	\$165 plus 4 1/2% of excess
22	over \$7,000	over \$6,000
23	Over \$7,000 but not	\$210 plus 5% of excess over
24	over \$8,000	\$7,000
25	Over \$8,000 but not	\$260 plus 5 1/2% of excess
26	over \$9,000	over \$8,000
27	Over \$9,000	\$315 plus 6% of excess over
28		\$9,000

29           2. (1) Notwithstanding the provisions of subsection 1  
30 of this section to the contrary, beginning with the 2023  
31 calendar year, the top rate of tax pursuant to subsection 1  
32 of this section shall be four and ninety-five hundredths  
33 percent.

34           (2) The modification of tax rates made pursuant to  
35 this subsection shall apply only to tax years that begin on  
36 or after January 1, 2023.

37           (3) The director of the department of revenue shall,  
38 by rule, adjust the tax table provided in subsection 1 of  
39 this section to effectuate the provisions of this  
40 subsection. The top remaining rate of tax shall apply to  
41 all income in excess of seven thousand dollars, as adjusted  
42 pursuant to subsection 5 of this section.

43           3. (1) In addition to the rate reduction under  
44 subsection 2 of this section, beginning with the 2024  
45 calendar year, the top rate of tax under subsection 1 of  
46 this section may be reduced by fifteen hundredths of a

47 percent. A reduction in the rate of tax shall take effect  
48 on January first of a calendar year and such reduced rates  
49 shall continue in effect until the next reduction occurs.

50 (2) A reduction in the rate of tax shall only occur if  
51 the amount of net general revenue collected in the previous  
52 fiscal year exceeds the highest amount of net general  
53 revenue collected in any of the three fiscal years prior to  
54 such fiscal year by at least one hundred seventy-five  
55 million dollars.

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

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

62 4. [(1) In addition to the rate reductions under  
63 subsections 2 and 3 of this section, beginning with the  
64 calendar year immediately following the calendar year in  
65 which a reduction is made pursuant to subsection 3 of this  
66 section, the top rate of tax under subsection 1 of this  
67 section may be further reduced over a period of years. Each  
68 reduction in the top rate of tax shall be by one-tenth of a  
69 percent and no more than one reduction shall occur in a  
70 calendar year. No more than three reductions shall be made  
71 under this subsection. Reductions in the rate of tax shall  
72 take effect on January first of a calendar year and such  
73 reduced rates shall continue in effect until the next  
74 reduction occurs.

75 (2) (a) A reduction in the rate of tax shall only  
76 occur if:

77 a. The amount of net general revenue collected in the  
78 previous fiscal year exceeds the highest amount of net

79 general revenue collected in any of the three fiscal years  
80 prior to such fiscal year by at least two hundred million  
81 dollars; and

82       b. The amount of net general revenue collected in the  
83 previous fiscal year exceeds the amount of net general  
84 revenue collected in the fiscal year five years prior,  
85 adjusted annually by the percentage increase in inflation  
86 over the preceding five fiscal years.

87       (b) The amount of net general revenue collected  
88 required by subparagraph a. of paragraph (a) of this  
89 subdivision in order to make a reduction pursuant to this  
90 subsection shall be adjusted annually by the percent  
91 increase in inflation beginning with January 2, 2023.

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

95       (4) The director of the department of revenue shall,  
96 by rule, adjust the tax tables under subsection 1 of this  
97 section to effectuate the provisions of this subsection.  
98 The bracket for income subject to the top rate of tax shall  
99 be eliminated once the top rate of tax has been reduced  
100 below the rate applicable to such bracket, and the top  
101 remaining rate of tax shall apply to all income in excess of  
102 the income in the second highest remaining income bracket]

103 **For all tax years beginning on or after January 1, 2027,**  
104 **there shall be no tax imposed upon Missouri taxable income**  
105 **pursuant to this section.**

106       5. Beginning with the 2017 calendar year, the brackets  
107 of Missouri taxable income identified in subsection 1 of  
108 this section shall be adjusted annually by the percent  
109 increase in inflation. The director shall publish such  
110 brackets annually beginning on or after October 1, 2016.

111 Modifications to the brackets shall take effect on January  
112 first of each calendar year and shall apply to tax years  
113 beginning on or after the effective date of the new brackets.

114 6. As used in this section, the following terms mean:

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

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

121 (3) "Net general revenue collected", all revenue  
122 deposited into the general revenue fund, less refunds and  
123 revenues originally deposited into the general revenue fund  
124 but designated by law for a specific distribution or  
125 transfer to another state fund;

126 (4) "Percent increase in inflation", the percentage,  
127 if any, by which the CPI for the preceding calendar year  
128 exceeds the CPI for the year beginning September 1, 2014,  
129 and ending August 31, 2015.

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