

FIRST REGULAR SESSION

HOUSE BILL NO. 951

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES OXFORD (Sponsor), FALLERT, NASHEED, WALSH, PACE,
WALTON GRAY, YAEGER, MORRIS, CURLS, ATKINS, HOLSMAN, SCHIEFFER, LOW, HARRIS,
HUGHES, HODGES, ROORDA, AULL, CARTER AND CALLOWAY (Co-sponsors).

1137L.01I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating solely to the creation of an earned income 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 one new section, to be known as section 135.760, to read as follows:

135.760. 1. This section shall be known and may be cited as the "Missouri Earned Income Tax Credit Act".

2. For all taxable years beginning on or after January 1, 2009, a resident individual who is allowed a federal earned income tax credit under Section 32 of the Internal Revenue Code of 1986, as amended, shall be allowed a credit against the tax otherwise due under chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to twenty percent of the allowable federal earned income tax credit. The tax credit allowed by this section shall be claimed by such individual at the time such individual files a return and shall be applied against the income tax liability imposed by chapter 143, RSMo, after reduction for all other credits allowed thereon. For taxpayers whose filing status is married filing separately, such taxpayers may elect to apply the tax credit to the income tax liability of either taxpayer, or may elect to apply the tax credit evenly to the income tax liability of each spouse. Where the amount of the credit exceeds the tax liability, the difference shall be refunded to the taxpayer.

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 **3. Notwithstanding the provision of subsection 4 of section 32.057, RSMo, the**
16 **department of revenue or any duly authorized employee or agent shall determine whether**
17 **any taxpayer filing a report or return with the department of revenue who has not applied**
18 **for the credit allowed under this section may qualify for the credit, and shall notify any**
19 **qualified claimant of the claimant's potential eligibility, where the department determines**
20 **such potential eligibility exists. In making a determination of eligibility under this section,**
21 **the department shall use any appropriate and available data, including but not limited to**
22 **data available from the Internal Revenue Service, the U.S. Department of Treasury, and**
23 **state income tax returns from previous tax years.**

24 **4. The department shall prepare an annual report containing statistical information**
25 **regarding the tax credits issued under this section for the previous tax year, including the**
26 **total amount of revenue expended on the earned income tax credit, the number of credits**
27 **claimed, and the average value of the credits issued to taxpayers whose earned income falls**
28 **within various income ranges determined by the department.**

29 **5. The department shall contract with one or more nonprofit groups to provide**
30 **notice of the earned income tax credit to eligible taxpayers. The department shall require**
31 **evidence of the effectiveness of the nonprofit group, the connection with the community in**
32 **which the group operates, and the ability to contact taxpayers that are unlikely to claim**
33 **the federal earned income tax credit, including but not limited to non-English speakers,**
34 **elderly, tenants, and very low-income taxpayers who do not file tax returns annually. The**
35 **department shall give preference to nonprofit groups with members in low- and moderate-**
36 **income areas, nonprofit groups with at least fifty-one percent of the board of directors**
37 **having low- to moderate-incomes and residents of target communities, and to nonprofit**
38 **groups that have a record of effective door-to-door outreach for similar community**
39 **projects.**

40 **6. The director of the department of revenue shall promulgate rules and regulations**
41 **to administer the provisions of this section. Any rule or portion of a rule, as that term is**
42 **defined in section 536.010, RSMo, that is created under the authority delegated in this**
43 **section shall become effective only if it complies with and is subject to all of the provisions**
44 **of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter**
45 **536, RSMo, are nonseverable and if any of the powers vested with the general assembly**
46 **pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and**
47 **annul a rule are subsequently held unconstitutional, then the grant of rulemaking**
48 **authority and any rule proposed or adopted after August 28, 2009, shall be invalid and**
49 **void.**

50 **7. Under section 23.253, RSMo, of the Missouri Sunset Act:**

51 (1) The provisions of the new program authorized under this section shall
52 automatically sunset on December thirty-first six years after the effective date of this
53 section unless reauthorized by an act of the general assembly; and

54 (2) If such program is reauthorized, the program authorized under this section
55 shall automatically sunset on December thirty-first twelve years after the effective date of
56 the reauthorization of this section; and

57 (3) This section shall terminate on September first of the calendar year immediately
58 following the calendar year in which the program authorized under this section is sunset.

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