

FIRST REGULAR SESSION

HOUSE BILL NO. 1194

100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CARPENTER.

2383H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to an earned income tax credit, with a contingent effective date.

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 purposes of this section, the following terms mean:

(1) "Department", the department of revenue;

(2) "Eligible taxpayer", a resident individual with a filing status of single, head of household, widowed, or married filing combined who is subject to the tax imposed under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265, and who is allowed a federal earned income tax credit under Section 32 of the Internal Revenue Code of 1986, as amended;

(3) "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, 2020, an eligible taxpayer shall be allowed a tax credit in an amount equal to twenty percent of the amount such taxpayer would receive under the federal earned income tax credit. The tax credit allowed by this section shall be claimed by such taxpayer at the time such taxpayer files a return and shall be applied against the income tax liability imposed by chapter 143 after reduction for all other credits allowed thereon. If the amount of the credit exceeds the tax liability, the

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.

18 difference shall not be refunded to the taxpayer and shall not be carried forward to any
19 subsequent tax year.

20 4. Notwithstanding the provision of subsection 4 of section 32.057 to the contrary,
21 the department shall determine whether any taxpayer filing a report or return with the
22 department who did not apply for the credit authorized under this section may qualify for
23 the credit and, if so determines a taxpayer may qualify for the credit, shall notify such
24 taxpayer of his or her potential eligibility. In making a determination of eligibility under
25 this section, the department shall use any appropriate and available data including, but not
26 limited to, data available from the Internal Revenue Service, the U.S. Department of
27 Treasury, and state income tax returns from previous tax years.

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

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

44 7. The director of the department shall promulgate rules and regulations to
45 administer the provisions of this section. Any rule or portion of a rule, as that term is
46 defined in section 536.010, that is created under the authority delegated in this section shall
47 become effective only if it complies with and is subject to all of the provisions of chapter
48 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable, and
49 if any of the powers vested with the general assembly pursuant to chapter 536 to review,
50 to delay the effective date, or to disapprove and annul a rule are subsequently held
51 unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted
52 after August 28, 2019, shall be invalid and void.

Section B. The enactment of section 135.760 of this act shall become effective upon a
2 growth in net general revenue sufficient to trigger the first reduction of the individual income tax
3 top rate under subsection 2 of section 143.011 and continued net general revenue growth of at
4 least an amount equal to the annual revenue reduction of the earned income tax credit in this act.

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