

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1522
100TH GENERAL ASSEMBLY

4086H.04C

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 143.011, RSMo, and to enact in lieu thereof two new sections relating to taxation.

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

Section A. Section 143.011, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 143.011 and 146.200, to read as follows:

143.011. 1. A tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table or the rate provided in section 143.021, which is based upon the 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
Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000
Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over \$7,000
Over \$8,000 but not over \$9,000	\$260 plus 5 1/2% of excess over \$8,000
Over \$9,000	\$315 plus 6% of excess over \$9,000

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.

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16 2. (1) Beginning with the 2017 calendar year, the top rate of tax under subsection 1 of
17 this section may be reduced over a period of years. Each reduction in the top rate of tax shall be
18 by one-tenth of a percent and no more than one reduction shall occur in a calendar year. No
19 more than five reductions shall be made under this subsection. Reductions in the rate of tax shall
20 take effect on January first of a calendar year and such reduced rates shall continue in effect until
21 the next reduction occurs.

22 (2) A reduction in the rate of tax shall only occur if the amount of net general revenue
23 collected in the previous fiscal year exceeds the highest amount of net general revenue collected
24 in any of the three fiscal years prior to such fiscal year by at least one hundred fifty million
25 dollars.

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

28 (4) The director of the department of revenue shall, by rule, adjust the tax tables under
29 subsection 1 of this section to effectuate the provisions of this subsection. The bracket for
30 income subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced
31 to five and one-half percent, and the top remaining rate of tax shall apply to all income in excess
32 of the income in the second highest remaining income bracket.

33 3. (1) In addition to the rate reductions under subsection 2 of this section, beginning
34 with the 2019 calendar year, the top rate of tax under subsection 1 of this section shall be reduced
35 by four-tenths of one percent. Such reduction in the rate of tax shall take effect on January first
36 of the 2019 calendar year.

37 (2) The modification of tax rates under this subsection shall only apply to tax years that
38 begin on or after the date the modification takes effect.

39 (3) The director of the department of revenue shall, by rule, adjust the tax tables under
40 subsection 1 of this section to effectuate the provisions of this subsection.

41 4. **(1) In addition to the rate reductions under subsections 2 and 3 of this section,**
42 **beginning with the 2022 calendar year, the top rate of tax under subsection 1 of this section**
43 **may be reduced by seventeen-hundredths of one percent. Such reduction in the rate of tax**
44 **shall take effect on January first of a calendar year.**

45 **(2) A reduction in the rate of tax under this subsection shall only occur if one or**
46 **more institutions is subject to the tax imposed on the endowments of institutions of higher**
47 **education under section 146.200.**

48 **(3) The modification of tax rates under this subsection shall only apply to tax years**
49 **that begin on or after a modification takes effect.**

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

52 **5.** Beginning with the 2017 calendar year, the brackets of Missouri taxable income
53 identified in subsection 1 of this section shall be adjusted annually by the percent increase in
54 inflation. The director shall publish such brackets annually beginning on or after October 1,
55 2016. Modifications to the brackets shall take effect on January first of each calendar year and
56 shall apply to tax years beginning on or after the effective date of the new brackets.

57 ~~[5-]~~ **6.** As used in this section, the following terms mean:

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

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

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

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

146.200. 1. As used in this section, the following terms shall mean:

2 **(1) "Endowment", a permanent fund held by an institution of higher education**
3 **that:**

4 **(a) Consists of property, cash, cash equivalents, stocks, bonds, or any other**
5 **marketable security;**

6 **(b) Is used for purposes indicated by donors to such fund or for other purposes**
7 **related to the mission of the institution of higher education; and**

8 **(c) Attempts to maintain and grow the principal of such fund, while annually**
9 **disbursing all or part of investment earnings generated by the fund;**

10 **(2) "Qualifying institution of higher education", an institution of higher education**
11 **that:**

12 **(a) Is affiliated with, or provides medical faculty to, any abortion facility, as such**
13 **term is defined in section 188.015;**

14 **(b) Offers specific medical residencies or fellowships that offer training in**
15 **performing or inducing abortions; or**

16 **(c) Supports in any manner any abortion facility where abortions are performed**
17 **or induced when not necessary to save the life of the mother.**

18 **2. For all tax years beginning on or after January 1, 2022, a tax is hereby imposed**
19 **for every tax year on the endowment of a qualifying institution of higher education at a**
20 **rate of one and nine-tenths percent of the aggregate fair market value of the assets of such**
21 **endowment. Any institution that becomes a qualifying institution of higher education on**
22 **or after January 1, 2022, shall remain subject to the tax imposed under this section**
23 **regardless of whether such institution no longer meets the definition of a qualifying**
24 **institution of higher education as defined under this section.**

25 **3. Revenues generated by the tax imposed under this section shall be deposited in**
26 **the general revenue fund.**

27 **4. The department of revenue shall promulgate rules to implement the provisions**
28 **of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that**
29 **is created under the authority delegated in this section shall become effective only if it**
30 **complies with and is subject to all of the provisions of chapter 536 and, if applicable,**
31 **section 536.028. This section and chapter 536 are nonseverable, and if any of the powers**
32 **vested with the general assembly under chapter 536 to review, to delay the effective date,**
33 **or to disapprove and annul a rule are subsequently held unconstitutional, then the grant**
34 **of rulemaking authority and any rule proposed or adopted after August 28, 2020, shall be**
35 **invalid and void.**

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