

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1139
101ST GENERAL ASSEMBLY

2233H.02C

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 143.011, 143.031, and 143.131, RSMo, and to enact in lieu thereof three new sections relating to income tax.

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

Section A. Sections 143.011, 143.031, and 143.131, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 143.011, 143.031, and 143.131, to read as follows:

143.011. 1. **For tax years ending before January 1, 2022**, a tax is hereby imposed for every ~~taxable~~ **tax** 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

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.

14	Over \$8,000 but not over \$9,000	\$260 plus 5 1/2% of excess over \$8,000
15	Over \$9,000	\$315 plus 6% of excess over \$9,000

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17 2. (1) Beginning with the 2017 calendar year, the top rate of tax under subsection 1 of
 18 this section **and the rate of tax under subsection 5 of this section** may be reduced over a
 19 period of years. Each reduction in the ~~[top]~~ rate of tax shall be by one-tenth of a percent and no
 20 more than one reduction shall occur in a calendar year. No more than five reductions shall be
 21 made under this subsection. Reductions in the rate of tax shall take effect on January first of a
 22 calendar year and such reduced rates shall continue in effect until the next reduction occurs.

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

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

29 (4) **For tax years ending before January 1, 2022**, the director of the department of
 30 revenue shall, by rule, adjust the tax tables under subsection 1 of this section to effectuate the
 31 provisions of this subsection. The bracket for income subject to the top rate of tax shall be
 32 eliminated once the top rate of tax has been reduced to five and one-half percent, and the top
 33 remaining rate of tax shall apply to all income in excess of the income in the second highest
 34 remaining income bracket.

35 3. (1) In addition to the rate reductions under subsection 2 of this section, beginning
 36 with the 2019 calendar year, **and ending immediately after the 2021 calendar year**, the top
 37 rate of tax under subsection 1 of this section shall be reduced by four-tenths of one percent. Such
 38 reduction in the rate of tax shall take effect on January first of the 2019 calendar year.

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

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

43 4. Beginning with the 2017 calendar year, **and ending immediately after the 2021**
 44 **calendar year**, the brackets of Missouri taxable income identified in subsection 1 of this section
 45 shall be adjusted annually by the percent increase in inflation. The director shall publish such
 46 brackets annually beginning on or after October 1, 2016. Modifications to the brackets shall take
 47 effect on January first of each calendar year and shall apply to tax years beginning on or after the
 48 effective date of the new brackets.

49 5. (1) **Beginning with the 2022 calendar year, a tax is hereby imposed for every tax**
50 **year on the Missouri taxable income of every resident at a rate of five and four-tenths**
51 **percent, or the top rate of tax as in effect on January 1, 2022, whichever is less, subject to**
52 **the provisions of section 143.021 and subsection 2 of this section.**

53 (2) **Any modification of the tax rate under this subsection shall apply only to tax**
54 **years that begin on or after a modification takes effect.**

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

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

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

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

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

 143.031. 1. A husband and wife who file a joint federal income tax return shall file a
2 combined return. A husband and wife who do not file a joint federal income tax return shall not
3 file a combined return.

4 2. The Missouri combined taxable income on a combined return shall include all of the
5 income and deductions of the husband and wife. **For all tax years ending before January 1,**
6 **2022,** the Missouri taxable income of each spouse shall be an amount that is the same proportion
7 of their Missouri combined taxable income as the Missouri adjusted gross income of that spouse
8 bears to their Missouri combined adjusted gross income.

9 3. The tax of each spouse shall be determined by the application of either section
10 143.021 or section 143.041 depending upon whether such spouse is a resident or nonresident.
11 Their Missouri combined tax shall be the sum of the tax applicable to each spouse.

 143.131. 1. The Missouri standard deduction may be deducted in determining Missouri
2 taxable income of a resident individual unless the taxpayer or his spouse has elected to itemize
3 his deduction as provided in section 143.141.

4 2. (1) **For tax years ending before January 1, 2022,** the Missouri standard deduction
5 shall be the allowable federal standard deduction.

6 (2) **For tax years beginning on or after January 1, 2022, the Missouri standard**
7 **deduction shall be the allowable federal standard deduction plus four thousand dollars if**

- 8 **filing single or married and filing separately, or plus eight thousand dollars if married and**
- 9 **filing jointly.**

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