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HOUSE COMMITTEE SUBSTITUTE FOR
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SENATE BILL NOS. 3 & 5
101ST GENERAL ASSEMBLY

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DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 135.333, 143.021, and 143.071, RSMo, and section 143.011 as enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular session, and to enact in lieu thereof five new sections relating to taxation, with an effective date for a certain section and an emergency clause for a certain section.

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

Section A. Sections 135.333, 143.021, and 143.071, RSMo, and section 143.011 as
2 enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular
3 session, are repealed and five new sections enacted in lieu thereof, to be known as sections
4 135.333, 143.011, 143.021, 143.071, and 144.016, to read as follows:

135.333. 1. **(1) For tax years ending on or before December 31, 2022**, any amount
2 of tax credit which exceeds the tax due or which is applied for and otherwise eligible for
3 issuance but not issued shall not be refunded but may be carried over to any subsequent
4 taxable year, not to exceed a total of five years for which a tax credit may be taken for each
5 child adopted.

6 **(2) For tax years beginning on or after January 1, 2023, any amount of tax credit**
7 **that is issued and which exceeds the tax due shall be refunded to the taxpayer.**

8 2. Tax credits that are assigned, transferred or sold as allowed in section 135.327 may
9 be assigned, transferred or sold in their entirety notwithstanding the taxpayer's tax due.

143.011. 1. A tax is hereby imposed for every taxable year on the Missouri taxable
2 income of every resident. The tax shall be determined by applying the tax table or the rate
3 provided in section 143.021, which is based upon the following rates:

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.

4	If the Missouri taxable income	The tax is:
5	is:	
6	Not over \$1,000.00	1 1/2% of the Missouri taxable income
7	Over \$1,000 but not over	\$15 plus 2% of excess over \$1,000
8	\$2,000	
9	Over \$2,000 but not over	\$35 plus 2 1/2% of excess over \$2,000
10	\$3,000	
11	Over \$3,000 but not over	\$60 plus 3% of excess over \$3,000
12	\$4,000	
13	Over \$4,000 but not over	\$90 plus 3 1/2% of excess over \$4,000
14	\$5,000	
15	Over \$5,000 but not over	\$125 plus 4% of excess over \$5,000
16	\$6,000	
17	Over \$6,000 but not over	\$165 plus 4 1/2% of excess over \$6,000
18	\$7,000	
19	Over \$7,000 but not over	\$210 plus 5% of excess over \$7,000
20	\$8,000	
21	Over \$8,000 but not over	\$260 plus 5 1/2% of excess over \$8,000
22	\$9,000	
23	Over \$9,000	\$315 plus 6% of excess over \$9,000

24 2. (1) ~~[Beginning with the 2017 calendar year, the top rate of tax under subsection 1~~
 25 ~~of this section may be reduced over a period of years. Each reduction in the top rate of tax~~
 26 ~~shall be by one-tenth of a percent and no more than one reduction shall occur in a calendar~~
 27 ~~year. No more than seven reductions shall be made under this subsection. Reductions in the~~
 28 ~~rate of tax shall take effect on January first of a calendar year and such reduced rates shall~~
 29 ~~continue in effect until the next reduction occurs.~~

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

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

36 (4) ~~The director of the department of revenue shall, by rule, adjust the tax tables under~~
 37 ~~subsection 1 of this section to effectuate the provisions of this subsection. The bracket for~~
 38 ~~income subject to the top rate of tax shall be eliminated once the top rate of tax has been~~

39 ~~reduced to five and one-half percent, and the top remaining rate of tax shall apply to all~~
40 ~~income in excess of the income in the second highest remaining income bracket.~~

41 ~~(5) Notwithstanding the provisions of subdivision (1) of this subsection to the~~
42 ~~contrary, there shall be no reduction under this subsection in the 2024 calendar year.~~
43 ~~However, such reductions shall continue after the 2024 calendar year for subsequent calendar~~
44 ~~years.~~

45 ~~3. (1) In addition to the rate reductions under subsection 2 of this section, beginning~~
46 ~~with the 2019 calendar year, the top rate of tax under subsection 1 of this section shall be~~
47 ~~reduced by four-tenths of one percent. Such reduction in the rate of tax shall take effect on~~
48 ~~January first of the 2019 calendar year.~~

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

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

53 ~~4. (1) In addition to the rate reductions under subsections 2 and 3 of this section,~~
54 ~~beginning with the 2024 calendar year, the top rate of tax under subsection 1 of this section~~
55 ~~shall be reduced by one-tenth of one percent.~~

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

58 ~~(3) The director of the department of revenue shall, by rule, adjust the tax tables under~~
59 ~~subsection 1 of this section to effectuate the provisions of this subsection.] Notwithstanding~~
60 ~~the provisions of subsection 1 of this section to the contrary, beginning with the 2023~~
61 ~~calendar year, the top rate of tax pursuant to subsection 1 of this section shall be four~~
62 ~~and ninety-five hundredths percent.~~

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

65 **(3) The director of the department of revenue shall, by rule, adjust the tax table**
66 **provided in subsection 1 of this section to effectuate the provisions of this subsection.**
67 **The top remaining rate of tax shall apply to all income in excess of seven thousand**
68 **dollars, as adjusted pursuant to subsection 5 of this section.**

69 **3. (1) In addition to the rate reduction under subsection 2 of this section,**
70 **beginning with the 2024 calendar year, the top rate of tax under subsection 1 of this**
71 **section may be reduced by fifteen hundredths of a percent. A reduction in the rate of**
72 **tax shall take effect on January first of a calendar year and such reduced rates shall**
73 **continue in effect until the next reduction occurs.**

74 **(2) A reduction in the rate of tax shall only occur if the amount of net general**
75 **revenue collected in the previous fiscal year exceeds the highest amount of net general**

76 revenue collected in any of the three fiscal years prior to such fiscal year by at least one
77 hundred seventy-five million dollars.

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

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

82 4. (1) In addition to the rate reductions under subsections 2 and 3 of this section,
83 beginning with the calendar year immediately following the calendar year in which a
84 reduction is made pursuant to subsection 3 of this section, the top rate of tax under
85 subsection 1 of this section may be further reduced over a period of years. Each
86 reduction in the top rate of tax shall be by one-tenth of a percent and no more than one
87 reduction shall occur in a calendar year. No more than three reductions shall be made
88 under this subsection. Reductions in the rate of tax shall take effect on January first of a
89 calendar year and such reduced rates shall continue in effect until the next reduction
90 occurs.

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

92 a. The amount of net general revenue collected in the previous fiscal year
93 exceeds the highest amount of net general revenue collected in any of the three fiscal
94 years prior to such fiscal year by at least two hundred million dollars; and

95 b. The amount of net general revenue collected in the previous fiscal year
96 exceeds the amount of net general revenue collected in the fiscal year five years prior,
97 adjusted annually by the percentage increase in inflation over the preceding five fiscal
98 years.

99 (b) The amount of net general revenue collected required by subparagraph a of
100 paragraph (a) of this subdivision in order to make a reduction pursuant to this
101 subsection shall be adjusted annually by the percent increase in inflation beginning with
102 the effective date of this section.

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

105 (4) The director of the department of revenue shall, by rule, adjust the tax tables
106 under subsection 1 of this section to effectuate the provisions of this subsection. The
107 bracket for income subject to the top rate of tax shall be eliminated once the top rate of
108 tax has been reduced below the rate applicable to such bracket, and the top remaining
109 rate of tax shall apply to all income in excess of the income in the second highest
110 remaining income bracket.

111 5. Beginning with the 2017 calendar year, the brackets of Missouri taxable income
112 identified in subsection 1 of this section shall be adjusted annually by the percent increase in

113 inflation. The director shall publish such brackets annually beginning on or after October 1,
114 2016. Modifications to the brackets shall take effect on January first of each calendar year
115 and shall apply to tax years beginning on or after the effective date of the new brackets.

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

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

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

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

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

143.021. 1. Every resident having a taxable income shall determine his or her tax
2 from the rates provided in section 143.011. **For all tax years beginning on or before**
3 **December 31, 2022**, there shall be no tax on a taxable income of less than one hundred
4 dollars.

5 2. (1) **Notwithstanding the provisions of subsection 1 of section 143.011 to the**
6 **contrary, for all tax years beginning on or after January 1, 2023, there shall be no tax on**
7 **taxable income of less than or equal to one thousand dollars, as adjusted pursuant to**
8 **subsection 5 of section 143.011.**

9 (2) **The modifications made pursuant to this subsection shall only apply to tax**
10 **years that begin on or after January 1, 2023.**

11 (3) **The director of the department of revenue shall, by rule, adjust the tax table**
12 **provided in subsection 1 of section 143.011 to effectuate the provisions of this subsection.**

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby
2 imposed upon the Missouri taxable income of corporations in an amount equal to five percent
3 of Missouri taxable income.

4 2. For all tax years beginning on or after September 1, 1993, and ending on or before
5 December 31, 2019, a tax is hereby imposed upon the Missouri taxable income of
6 corporations in an amount equal to six and one-fourth percent of Missouri taxable income.

7 3. For all tax years beginning on or after January 1, 2020, a tax is hereby imposed
8 upon the Missouri taxable income of corporations in an amount equal to four percent of
9 Missouri taxable income.

10 4. (1) **Beginning with the 2024 calendar year, the rate of tax under subsection 3**
11 **of this section may be reduced over a period of years. Each reduction in the rate of tax**

12 shall be by one percent and no more than one reduction shall occur in a calendar year.
13 No more than two reductions shall be made under this subsection. Reductions in the
14 rate of tax shall take effect on January first of a calendar year and such reduced rates
15 shall continue in effect until the next reduction occurs.

16 (2) A reduction in the rate of tax shall occur only if the amount of revenue
17 collected from corporate income tax in the previous fiscal year exceeds the highest
18 amount of revenue collected from corporate income tax in any of the three fiscal years
19 prior to such fiscal year by at least one hundred fifty million dollars. The one-hundred-
20 fifty-million-dollar threshold of revenue collected from corporate income tax shall be
21 adjusted by the percent increase in inflation. The director shall publish the new revenue
22 threshold annually beginning on or after October 1, 2023.

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

25 (4) The director of the department of revenue shall, by rule, adjust the tax rate
26 under subsection 3 of this section to effectuate the provisions of this subsection.

27 (5) As used in this subsection, the following terms mean:

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

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

32 (c) "Percent increase in inflation", the percentage, if any, by which the CPI for
33 the preceding calendar year exceeds the CPI for the year beginning September 1, 2021,
34 and ending August 31, 2022.

35 5. (1) In addition to the rate reductions under subsection 4 of this section,
36 beginning with the calendar in which both reductions under subsection 4 of this section
37 are in effect, the rate of tax under subsection 3 of this section may be reduced over a
38 period of years. Each reduction in the rate of tax shall be by one-fourth of one percent
39 and no more than one reduction shall occur in a calendar year. No more than eight
40 reductions shall be made under this subsection. Reductions in the rate of tax shall take
41 effect on January first of a calendar year and such reduced rates shall continue in effect
42 until the next reduction occurs.

43 (2) A reduction in the rate of tax shall occur only if the amount of revenue
44 collected from corporate income tax in the previous fiscal year exceeds the highest
45 amount of revenue collected from corporate income tax in any of the three fiscal years
46 prior to such fiscal year by at least fifty million dollars. The fifty-million-dollar
47 threshold of revenue collected from corporate income tax shall be adjusted by the

48 percent increase in inflation. The director shall publish the new revenue threshold
49 annually beginning on or after October 1, 2023.

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

52 (4) The director of the department of revenue shall, by rule, adjust the tax rate
53 under subsection 3 of this section to effectuate the provisions of this subsection.

54 (5) As used in this subsection, the following terms mean:

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

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

59 (c) "Percent increase in inflation", the percentage, if any, by which the CPI for
60 the preceding calendar year exceeds the CPI for the year beginning September 1, 2021,
61 and ending August 31, 2022.

62 [4.] 6. The provisions of this section shall not apply to out-of-state businesses
63 operating under sections 190.270 to 190.285.

144.016. 1. Beginning January 1, 2023, the tax levied and imposed under
2 chapter 144 on all retail sales of feminine hygiene products and diapers shall be levied at
3 a rate not exceeding the rate of sales tax levied on the retail sale of food.

4 2. For purposes of this section, the following terms mean:

5 (1) "Diapers", absorbent garments worn by infants or toddlers who are not
6 toilet-trained or by individuals who are incapable of controlling their bladder or bowel
7 movements;

8 (2) "Feminine hygiene products", tampons, pads, liners, and cups;

9 (3) "Food", the same meaning as defined under section 144.014.

Section B. The repeal and reenactment of section 143.011 of this act shall become
2 effective on January 1, 2023.

Section C. Because of the importance of providing tax relief for all Missourians, the
2 repeal and reenactment of section 143.021 of this act is deemed necessary for the immediate
3 preservation of the public health, welfare, peace, and safety, and is hereby declared to be an
4 emergency act within the meaning of the constitution, and the repeal and reenactment of
5 section 143.021 of this act shall be in full force and effect upon its passage and approval.

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