

FIRST REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 350**  
**102ND GENERAL ASSEMBLY**

0400H.02C

DANA RADEMAN MILLER, Chief Clerk

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**AN ACT**

To repeal sections 135.714, 135.715, 166.700, and 166.705, RSMo, and to enact in lieu thereof eight new sections relating to funding for Missouri children.

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

Section A. Sections 135.714, 135.715, 166.700, and 166.705, RSMo, are repealed  
2 and eight new sections enacted in lieu thereof, to be known as sections 135.714, 135.715,  
3 135.1310, 135.1325, 135.1350, 135.2560, 166.700, and 166.705, to read as follows:

135.714. 1. Each educational assistance organization shall:

2 (1) Notify the state treasurer of **[its]** **such organization's** intent to provide scholarship  
3 accounts to qualified students;

4 (2) Demonstrate to the state treasurer that **[it]** **such organization** is exempt from  
5 federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as  
6 amended;

7 (3) Provide a state treasurer-approved receipt to taxpayers for contributions made to  
8 the organization;

9 (4) Ensure that grants are distributed to scholarship accounts of qualified students in  
10 the following order:

11 (a) Qualified students that have an approved "individualized education plan" (IEP)  
12 developed under the federal Individuals with Disabilities Education Act (IDEA), 20 U.S.C.  
13 Section 1400[~~7~~] et seq., as amended, or qualified students living in a household whose total  
14 annual income does not exceed an amount equal to one hundred percent of the income  
15 standard used to qualify for free and reduced price lunches;

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.

16 (b) Qualified students living in a household whose total annual income does not  
17 exceed an amount equal to two hundred percent of the income standard used to qualify for  
18 free and reduced price lunches; and

19 (c) All other qualified students;

20 (5) Ensure that:

21 (a) One hundred percent of ~~[its]~~ **such organization's** revenues from interest or  
22 investments is spent on scholarship accounts;

23 (b) At least ninety percent of ~~[its]~~ **such organization's** revenues from qualifying  
24 contributions is spent on scholarship accounts; and

25 (c) Marketing and administrative expenses do not exceed the following limits of ~~[its]~~  
26 **such organization's** remaining revenue from contributions:

27 a. Ten percent for the first two hundred fifty thousand dollars;

28 b. Eight percent for the next five hundred thousand dollars; and

29 c. Three percent thereafter;

30 (6) **(a)** Distribute scholarship account payments either four times per year or in a  
31 single lump sum at the beginning of the year as requested by the parent of a qualified student,  
32 ~~[not to exceed a total grant amount equal to]~~ **based on** the state adequacy target as defined in  
33 section 163.011 and calculated by the department of elementary and secondary education,  
34 **subject to the following total grant amount limits:**

35 a. **For a limited English proficiency pupil, not more than one hundred sixty**  
36 **percent of the state adequacy target;**

37 b. **For a free and reduced price lunch pupil, not more than one hundred twenty-**  
38 **five percent of the state adequacy target;**

39 c. **For a special education pupil, not more than one hundred seventy-five percent**  
40 **of the state adequacy target; and**

41 d. **For all other qualified students, not more than the state adequacy target;**

42 **(b) Scholarship account payments distributed under this subdivision shall be in**  
43 **the form of a deposit into the scholarship account of the qualified student;**

44 (7) Provide the state treasurer, upon request, with criminal background checks on all  
45 ~~[its]~~ **such organization's** employees and board members and exclude from employment or  
46 governance any individual who might reasonably pose a risk to the appropriate use of  
47 contributed funds;

48 (8) Demonstrate ~~[its]~~ **such organization's** financial accountability by:

49 (a) Submitting to the state treasurer annual audit financial statements by a certified  
50 public accountant within six months of the end of the educational assistance organization's  
51 fiscal year; and

52 (b) Having an auditor certify that the report is free of material misstatements; and

53 (9) Ensure that participating students take the state achievement tests or nationally  
54 norm-referenced tests that measure learning gains in math and English language arts, and  
55 provide for value-added assessment, in grades that require testing under the statewide  
56 assessment system set forth in section 160.518;

57 (10) Allow costs of the testing requirements to be covered by the scholarships  
58 distributed by the educational assistance organization;

59 (11) Provide the parents of each student who was tested with a copy of the results of  
60 the tests on an annual basis, beginning with the first year of testing;

61 (12) Provide the test results to the state treasurer on an annual basis, beginning with  
62 the first year of testing;

63 (13) Report student information that would allow the state treasurer to aggregate data  
64 by grade level, gender, family income level, and race;

65 (14) Provide rates of high school graduation, college attendance, and college  
66 graduation for participating students to the state treasurer in a manner consistent with  
67 nationally recognized standards;

68 (15) Provide to the state treasurer the results from an annual parental satisfaction  
69 survey, including information about the number of years that the parent's child has  
70 participated in the scholarship program. The annual satisfaction survey shall ask parents of  
71 scholarship students to express:

72 (a) Their level of satisfaction with the child's academic achievement, including  
73 academic achievement at the schools the child attends through the scholarship program versus  
74 academic achievement at the school previously attended;

75 (b) Their level of satisfaction with school safety at the schools the child attends  
76 through the scholarship program versus safety at the schools previously attended;

77 (16) Demonstrate ~~[its]~~ **such organization's** financial viability, if ~~[it]~~ **such**  
78 **organization** is to receive donations of fifty thousand dollars or more during the school  
79 year, by filing with the state treasurer before the start of the school year a surety bond payable  
80 to the state in an amount equal to the aggregate amount of contributions expected to be  
81 received during the school year or other financial information that demonstrates the financial  
82 viability of the educational assistance organization.

83 2. The annual audit required under this section shall include:

84 (1) The name and address of the educational assistance organization;

85 (2) The name and address of each qualified student for whom a parent opened a  
86 scholarship account with the organization;

87 (3) The total number and total dollar amount of contributions received during the  
88 previous calendar year; and

89 (4) The total number and total dollar amount of scholarship accounts opened during  
90 the previous calendar year.

91 3. The state treasurer shall:

92 (1) Ensure compliance with all student privacy laws for data in the state treasurer's  
93 possession;

94 (2) Collect all test results;

95 (3) Provide the test results and associated learning gains to the public via a state  
96 website after the third year of test and test-related data collection. The findings shall be  
97 aggregated by the students' grade level, gender, family income level, number of years of  
98 participation in the scholarship program, and race; and

99 (4) Provide graduation rates to the public via a state website after the third year of test  
100 and test-related data collection.

101 4. An educational assistance organization may contract with private financial  
102 management firms to manage scholarship accounts with the supervision of the state treasurer.

135.715. 1. ~~[Notwithstanding any provision in section 135.713 to the contrary, the  
2 annual increase to the cumulative amount of tax credits under subsection 3 of section 135.713  
3 shall cease when the amount of tax credits reaches fifty million dollars. The cumulative  
4 amount of tax credits that may be allocated to all taxpayers contributing to educational  
5 assistance organizations in the first year of the program shall not exceed twenty five million  
6 dollars.~~

7 ~~2.]~~ The state treasurer shall limit the number of educational assistance organizations  
8 that are certified to administer scholarship accounts to no more than ten such organizations in  
9 any single school year, with no more than six of such organizations having their principal  
10 place of business in:

11 (1) A county of the first classification with more than two hundred sixty thousand but  
12 fewer than three hundred thousand inhabitants;

13 (2) A county with a charter form of government and with more than six hundred  
14 thousand but fewer than seven hundred thousand inhabitants;

15 (3) A county with a charter form of government and with more than three hundred  
16 thousand but fewer than four hundred fifty thousand inhabitants;

17 (4) A county with a charter form of government and with more than nine hundred  
18 fifty thousand inhabitants; or

19 (5) A city not within a county.

20 ~~[3-]~~ 2. The state treasurer may delegate any duties assigned to the state treasurer under  
21 sections 135.712 to 135.719 and sections 166.700 to 166.720 to the "Missouri Empowerment  
22 Scholarship Accounts Board", which is hereby established. The Missouri empowerment  
23 scholarship accounts board shall consist of the state treasurer, who shall serve as chair, the

24 commissioner of the department of higher education and workforce development, the  
25 commissioner of education, the commissioner of the office of administration, one member  
26 appointed by the president pro tempore of the senate, one member appointed by the speaker  
27 of the house of representatives, and one member appointed by the governor with the advice  
28 and consent of the senate. The appointed members shall serve terms of four years or until  
29 their successors have been appointed and qualified. The board shall have all powers and  
30 duties assigned to the state treasurer under sections 135.712 to 135.719 and sections 166.700  
31 to 166.720 that are delegated to the board by the state treasurer. Members of the board shall  
32 not receive compensation for their service, but may receive reimbursement for necessary  
33 expenses.

34 ~~[4.]~~ **3.** Notwithstanding the provisions of subsection 7 of section 135.716 to the  
35 contrary, four percent of the total qualifying contributions received by each educational  
36 assistance organization per calendar year shall be deposited in the Missouri empowerment  
37 scholarship accounts fund to be used by the state treasurer for marketing and administrative  
38 expenses or the costs incurred in administering the program, whichever is less.

39 ~~[5.]~~ **4.** Notwithstanding the provisions of subdivision (5) of subsection 2 of section  
40 135.712 to the contrary, the term "qualifying contribution" shall mean a donation of cash,  
41 including, but not limited to, checks drawn on a banking institution located in the continental  
42 United States in U.S. dollars (other than cashier checks, or third-party checks exceeding ten  
43 thousand dollars), money orders, payroll deductions, and electronic fund transfers. This term  
44 shall not include stocks, bonds, other marketable securities, or property.

**135.1310. 1. This section shall be known and may be cited as the "Child Care  
2 Contribution Tax Credit Act".**

**3 2. For purposes of this section, the following terms shall mean:**

**4 (1) "Child care", the same as defined in section 210.201;**

**5 (2) "Child care desert", a census tract that has a poverty rate of at least twenty  
6 percent or a median family income of less than eighty percent of the statewide average  
7 and where at least five hundred people or thirty-three percent of the population are  
8 located at least one-half mile away from a child care provider in urbanized areas or at  
9 least ten miles away in rural areas;**

**10 (3) "Child care provider", a child care provider as defined in section 210.201  
11 that is licensed under section 210.221, or that is unlicensed and that is registered with  
12 the department of elementary and secondary education;**

**13 (4) "Contribution", an eligible donation of cash, stock, bonds or other  
14 marketable securities, or real property;**

**15 (5) "Department", the Missouri department of economic development;**

16           **(6) "Person related to the taxpayer", an individual connected with the taxpayer**  
17 **by blood, adoption, or marriage, or an individual, corporation, partnership, limited**  
18 **liability company, trust, or association controlled by, or under the control of, the**  
19 **taxpayer directly, or through an individual, corporation, limited liability company,**  
20 **partnership, trust, or association under the control of the taxpayer;**

21           **(7) "Rural area", a town or community within the state that is not within a**  
22 **metropolitan statistical area and has a population of six thousand or fewer inhabitants**  
23 **as determined by the last preceding federal decennial census or any unincorporated**  
24 **area not within a metropolitan statistical area;**

25           **(8) "State tax liability", in the case of a business taxpayer, any liability incurred**  
26 **by such taxpayer under chapter 143 and chapter 148, exclusive of the provisions relating**  
27 **to the withholding of tax as provided for in sections 143.191 to 143.265 and related**  
28 **provisions, and in the case of an individual taxpayer, any liability incurred by such**  
29 **taxpayer under chapter 143;**

30           **(9) "Tax credit", a credit against the taxpayer's state tax liability;**

31           **(10) "Taxpayer", a corporation as defined in section 143.441 or 143.471, any**  
32 **charitable organization that is exempt from federal income tax and whose Missouri**  
33 **unrelated business taxable income, if any, would be subject to the state income tax**  
34 **imposed under chapter 143, or individuals or partnerships subject to the state income**  
35 **tax imposed by the provisions of chapter 143.**

36           **3. For all tax years beginning on or after January 1, 2023, a taxpayer may claim**  
37 **the tax credit authorized in this section against the taxpayer's state tax liability for the**  
38 **tax year in which a verified contribution was made in an amount up to seventy-five**  
39 **percent of the verified contribution to a child care provider. Any tax credit issued shall**  
40 **not be less than one hundred dollars and shall not exceed two hundred thousand dollars**  
41 **per tax year.**

42           **(1) The child care provider receiving a contribution shall, within sixty days of**  
43 **the date it received the contribution, issue the taxpayer a contribution verification and**  
44 **file a copy of the contribution verification with the department. The contribution**  
45 **verification shall be in the form established by the department and shall include the**  
46 **taxpayer's name, taxpayer's state or federal tax identification number or last four digits**  
47 **of the taxpayer's Social Security number, amount of tax credit, amount of contribution,**  
48 **legal name and address of the child care provider receiving the tax credit, the child care**  
49 **provider's federal employer identification number, the child care provider's**  
50 **departmental vendor number or license number, and the date the child care provider**  
51 **received the contribution from the taxpayer. The contribution verification shall include**

52 a signed attestation stating the child care provider will use the contribution solely to  
53 promote child care.

54 (2) The failure of the child care provider to timely issue the contribution  
55 verification to the taxpayer or file it with the department shall entitle the taxpayer to a  
56 refund of the contribution from the child care provider.

57 4. A donation is eligible when:

58 (1) The donation is used directly by a child care provider to promote child care  
59 for children twelve years of age or younger, including by acquiring or improving child  
60 care facilities, equipment, or services, or improving staff salaries, staff training, or the  
61 quality of child care;

62 (2) The donation is made to a child care provider in which the taxpayer or a  
63 person related to the taxpayer does not have a direct financial interest; and

64 (3) The donation is not made in exchange for care of a child or children in the  
65 case of an individual taxpayer that is not an employer making a contribution on behalf  
66 of its employees.

67 5. A child care provider that uses the contribution for an ineligible purpose shall  
68 repay to the department the value of the tax credit for the contribution amount used for  
69 an ineligible purpose.

70 6. The tax credits authorized by this section shall not be refundable and shall not  
71 be transferred, sold, or otherwise conveyed. Any amount of approved tax credits that a  
72 taxpayer is prohibited by this subsection from using for the tax year in which the credit  
73 is first claimed may be carried back to the taxpayer's immediately prior tax year and  
74 carried forward to the taxpayer's subsequent tax year for up to five succeeding tax  
75 years.

76 7. Notwithstanding any provision of subsection 6 of this section to the contrary, a  
77 taxpayer that is exempt, under 26 U.S.C. Section 501(c)(3), and any amendments  
78 thereto, from all or part of the federal income tax shall be eligible for a refund of its tax  
79 credit issued under this section, without regard to whether it has incurred any state tax  
80 liability. Such exempt taxpayer may claim a refund of the tax credit on its tax return  
81 required to be filed under the provisions of chapter 143, exclusive of the return for the  
82 withholding of tax under sections 143.191 to 143.265. If such exempt taxpayer is not  
83 required to file a tax return under the provisions of chapter 143, the exempt taxpayer  
84 may claim a refund of the tax credit on a refund claim form prescribed by the  
85 department of revenue. The department of revenue shall prescribe such forms,  
86 instructions, and rules as it deems appropriate to carry out the provisions of this  
87 subsection.

88           **8. (1) The cumulative amount of tax credits authorized under this section shall**  
89 **not exceed twenty million dollars for each calendar year. The department shall approve**  
90 **tax credit applications on a first-come, first-served basis until the cumulative tax credit**  
91 **authorization limit is reached for the calendar year. A taxpayer shall apply to the**  
92 **department for the child care contribution tax credit by submitting a copy of the**  
93 **contribution verification provided by a child care provider to such taxpayer. Upon**  
94 **receipt of the contribution verification, the department shall issue a tax credit certificate**  
95 **to the applicant.**

96           **(2) If the maximum amount of tax credits allowed in any calendar year as**  
97 **provided under subdivision (1) of this subsection is authorized, the maximum amount of**  
98 **tax credits allowed under subdivision (1) of this subsection shall be increased by fifteen**  
99 **percent, provided that all such increases in the allowable amount of tax credits shall be**  
100 **reserved for contributions made to child care providers located in a child care desert.**  
101 **The director of the department shall publish such adjusted amount.**

102           **9. The tax credits allowed under this section shall be considered a domestic and**  
103 **social tax credit under subdivision (5) of subsection 2 of section 135.800.**

104           **10. All action and communication undertaken or required under this section**  
105 **shall be exempt from section 105.1500.**

106           **11. The department may promulgate rules to implement and administer the**  
107 **provisions of this section. Any rule or portion of a rule, as that term is defined in section**  
108 **536.010, that is created under the authority delegated in this section shall become**  
109 **effective only if it complies with and is subject to all of the provisions of chapter 536 and,**  
110 **if applicable, section 536.028. This section and chapter 536 are nonseverable and if any**  
111 **of the powers vested with the general assembly under chapter 536 to review, to delay the**  
112 **effective date, or to disapprove and annul a rule are subsequently held unconstitutional,**  
113 **then the grant of rulemaking authority and any rule proposed or adopted after August**  
114 **28, 2023, shall be invalid and void.**

115           **12. Under section 23.253 of the Missouri sunset act:**

116           **(1) The provisions of the new program authorized under this section shall**  
117 **automatically sunset December 31, 2029, unless reauthorized by an act of the general**  
118 **assembly;**

119           **(2) If such program is reauthorized, the program authorized under this section**  
120 **shall automatically sunset six years after the effective date of the reauthorization of this**  
121 **section;**

122           **(3) This section shall terminate on September first of the calendar year**  
123 **immediately following the calendar year in which the program authorized under this**  
124 **section is sunset; and**



125           **(4) The provisions of this subsection shall not be construed to limit or in any way**  
126 **impair the department of revenue's ability to redeem tax credits authorized on or before**  
127 **the date the program authorized under this section expires, or a taxpayer's ability to**  
128 **redeem such tax credits.**

**135.1325. 1. This section shall be known and may be cited as the "Employer**  
2 **Provided Child Care Assistance Tax Credit Act".**

3           **2. For purposes of this section, the following terms shall mean:**

4           **(1) "Child care desert", a census tract that has a poverty rate of at least twenty**  
5 **percent or a median family income of less than eighty percent of the statewide average**  
6 **and where at least five hundred people or thirty-three percent of the population are**  
7 **located at least one-half mile away from a child care provider in urbanized areas or at**  
8 **least ten miles away in rural areas;**

9           **(2) "Child care facility", a child care facility as defined in section 210.201 that is**  
10 **licensed under section 210.221, or that is unlicensed and that is registered with the**  
11 **department of elementary and secondary education;**

12           **(3) "Department", the Missouri department of economic development;**

13           **(4) "Employer matching contribution", a contribution made by the taxpayer to**  
14 **a cafeteria plan, as that term is used in 26 U.S.C. Section 125, of an employee of the**  
15 **taxpayer, that matches a dollar amount or percentage of the employee's contribution to**  
16 **the cafeteria plan, but this term does not include the amount of any salary reduction or**  
17 **other compensation foregone by the employee in connection with the cafeteria plan;**

18           **(5) "Qualified child care expenditure", an amount paid of reasonable costs**  
19 **incurred that meet any of the following:**

20           **(a) To acquire, construct, rehabilitate, or expand property that will be, or is,**  
21 **used as part of a child care facility that is either operated by the taxpayer or contracted**  
22 **with by the taxpayer and which does not constitute part of the principal residence of the**  
23 **taxpayer or any employee of the taxpayer;**

24           **(b) For the operating costs of a child care facility of the taxpayer, including costs**  
25 **relating to the training of employees, scholarship programs, and for compensation to**  
26 **employees;**

27           **(c) Under a contract with a child care facility to provide child care services to**  
28 **employees of the taxpayer; or**

29           **(d) As an employer matching contribution, but only to the extent such employer**  
30 **matching contribution is restricted by the taxpayer solely for the taxpayer's employee to**  
31 **obtain child care services at a child care facility and is used for that purpose during the**  
32 **tax year;**

33           (6) "Rural area", a town or community within the state that is not within a  
34 metropolitan statistical area and has a population of six thousand or fewer inhabitants  
35 as determined by the last preceding federal decennial census or any unincorporated  
36 area not within a metropolitan statistical area;

37           (7) "State tax liability", in the case of a business taxpayer, any liability incurred  
38 by such taxpayer under the provisions of chapter 143 and chapter 148, exclusive of the  
39 provisions relating to the withholding of tax as provided for in sections 143.191 to  
40 143.265 and related provisions, and in the case of an individual taxpayer, any liability  
41 incurred by such taxpayer under the provisions of chapter 143;

42           (8) "Tax credit", a credit against the taxpayer's state tax liability;

43           (9) "Taxpayer", a corporation as defined in section 143.441 or 143.471, any  
44 charitable organization that is exempt from federal income tax and whose Missouri  
45 unrelated business taxable income, if any, would be subject to the state income tax  
46 imposed under chapter 143, or individuals or partnerships subject to the state income  
47 tax imposed by the provisions of chapter 143.

48           3. For all tax years beginning on or after January 1, 2023, a taxpayer may claim  
49 a tax credit authorized in this section in an amount equal to thirty percent of the  
50 qualified child care expenditures paid or incurred with respect to a child care facility.  
51 The maximum amount of any tax credit issued under this section shall not exceed two  
52 hundred thousand dollars per taxpayer per tax year.

53           4. A facility shall not be treated as a child care facility with respect to a taxpayer  
54 unless the following conditions have been met:

55           (1) Enrollment in the facility is open to employees of the taxpayer during the tax  
56 year; and

57           (2) If the facility is the principal business of the taxpayer, at least thirty percent  
58 of the enrollees of such facility are dependents of employees of the taxpayer.

59           5. The tax credits authorized by this section shall not be refundable or  
60 transferable. The tax credits shall not be sold, assigned, or otherwise conveyed. Any  
61 amount of approved tax credits that a taxpayer is prohibited by this subsection from  
62 using for the tax year in which the credit is first claimed may be carried back to the  
63 taxpayer's immediately prior tax year and carried forward to the taxpayer's subsequent  
64 tax year for up to five succeeding tax years.

65           6. Notwithstanding any provision of subsection 5 of this section to the contrary, a  
66 taxpayer that is exempt, under 26 U.S.C. Section 501(c)(3), and any amendments  
67 thereto, from all or part of the federal income tax shall be eligible for a refund of its tax  
68 credit issued under this section, without regard to whether it has incurred any state tax  
69 liability. Such exempt taxpayer may claim a refund of the tax credit on its tax return

70 required to be filed under the provisions of chapter 143, exclusive of the return for the  
71 withholding of tax under sections 143.191 to 143.265. If such exempt taxpayer is not  
72 required to file a tax return under the provisions of chapter 143, the exempt taxpayer  
73 may claim a refund of the tax credit on a refund claim form prescribed by the  
74 department of revenue. The department of revenue shall prescribe such forms,  
75 instructions, and rules as it deems appropriate to carry out the provisions of this  
76 subsection.

77       7. (1) The cumulative amount of tax credits authorized under this section shall  
78 not exceed twenty million dollars for each calendar year. The department shall approve  
79 tax credit applications on a first-come, first-served basis until the cumulative tax credit  
80 authorization limit is reached for the calendar year.

81       (2) If the maximum amount of tax credits allowed in any calendar year as  
82 provided under subdivision (1) of this subsection is authorized, the maximum amount of  
83 tax credits allowed under subdivision (1) of this subsection shall be increased by fifteen  
84 percent, provided that all such increases in the allowable amount of tax credits shall be  
85 reserved for qualified child care expenditures for child care facilities located in a child  
86 care desert. The director of the department shall publish such adjusted amount.

87       8. A taxpayer who has claimed a tax credit under this section shall notify the  
88 department within sixty days of any cessation of operation, change in ownership, or  
89 agreement to assume recapture liability as such terms are defined by 26 U.S.C. Section  
90 45F, in the form and manner prescribed by department rule or instruction. If there is a  
91 cessation of operation or change in ownership relating to a child care facility, the  
92 taxpayer shall repay the department the applicable recapture percentage of the credit  
93 allowed under this section, but this recapture amount shall be limited to the tax credit  
94 allowed under this section. The recapture amount shall be considered a tax liability  
95 arising on the tax payment due date for the tax year in which the cessation of operation,  
96 change in ownership, or agreement to assume recapture liability occurred and shall be  
97 assessed and collected under the same provisions that apply to a tax liability under  
98 chapter 143 or chapter 148.

99       9. The tax credit allowed under this section shall be considered a domestic and  
100 social tax credit under subdivision (5) of subsection 2 of section 135.800.

101       10. All action and communication undertaken or required under this section  
102 shall be exempt from section 105.1500.

103       11. The department may promulgate rules to implement and administer the  
104 provisions of this section. Any rule or portion of a rule, as that term is defined in section  
105 536.010, that is created under the authority delegated in this section shall become  
106 effective only if it complies with and is subject to all of the provisions of chapter 536 and,

107 **if applicable, section 536.028. This section and chapter 536 are nonseverable and if any**  
108 **of the powers vested with the general assembly under chapter 536 to review, to delay the**  
109 **effective date, or to disapprove and annul a rule are subsequently held unconstitutional,**  
110 **then the grant of rulemaking authority and any rule proposed or adopted after August**  
111 **28, 2023, shall be invalid and void.**

112 **12. Under section 23.253 of the Missouri sunset act:**

113 **(1) The provisions of the new program authorized under this section shall**  
114 **automatically sunset December 31, 2029, unless reauthorized by an act of the general**  
115 **assembly;**

116 **(2) If such program is reauthorized, the program authorized under this section**  
117 **shall automatically sunset six years after the effective date of the reauthorization of this**  
118 **section;**

119 **(3) This section shall terminate on September first of the calendar year**  
120 **immediately following the calendar year in which the program authorized under this**  
121 **section is sunset; and**

122 **(4) The provisions of this subsection shall not be construed to limit or in any way**  
123 **impair the department of revenue's ability to redeem tax credits authorized on or before**  
124 **the date the program authorized under this section expires, or a taxpayer's ability to**  
125 **redeem such tax credits.**

**135.1350. 1. This section shall be known and may be cited as the "Child Care**  
2 **Providers Tax Credit Act".**

3 **2. For purposes of this section, the following terms shall mean:**

4 **(1) "Capital expenditures", expenses incurred by a child care provider, during**  
5 **the tax year for which a tax credit is claimed under this section, for the construction,**  
6 **renovation, or rehabilitation of a child care facility to the extent necessary to operate a**  
7 **child care facility and comply with applicable child care facility regulations**  
8 **promulgated by the department of elementary and secondary education;**

9 **(2) "Child care desert", a census tract that has a poverty rate of at least twenty**  
10 **percent or a median family income of less than eighty percent of the statewide average**  
11 **and where at least five hundred people or thirty-three percent of the population are**  
12 **located at least one-half mile away from a child care provider in urbanized areas or at**  
13 **least ten miles away in rural areas;**

14 **(3) "Child care facility", a child care facility as defined in section 210.201 that is**  
15 **licensed under section 210.221, or that is unlicensed and that is registered with the**  
16 **department of elementary and secondary education;**

17           (4) "Child care provider", a child care provider as defined in section 210.201  
18 that is licensed under section 210.221, or that is unlicensed and that is registered with  
19 the department of elementary and secondary education;

20           (5) "Department", the department of elementary and secondary education;

21           (6) "Eligible employer withholding tax", the total amount of tax that the child  
22 care provider was required, under section 143.191, to deduct and withhold from the  
23 wages it paid to employees during the tax year for which the child care provider is  
24 claiming a tax credit under this section, to the extent actually paid;

25           (7) "Employee", an employee, as that term is used in subsection 2 of section  
26 143.191, of a child care provider who worked for the child care provider for an average  
27 of at least ten hours per week for at least a three-month period during the tax year for  
28 which a tax credit is claimed under this section and who is not an immediate family  
29 member of the child care provider;

30           (8) "Rural area", a town or community within the state that is not within a  
31 metropolitan statistical area and has a population of six thousand or fewer inhabitants  
32 as determined by the last preceding federal decennial census or any unincorporated  
33 area not within a metropolitan statistical area;

34           (9) "State tax liability", any liability incurred by the taxpayer under the  
35 provisions of chapter 143, exclusive of the provisions relating to the withholding of tax  
36 as provided for in sections 143.191 to 143.265 and related provisions;

37           (10) "Tax credit", a credit against the taxpayer's state tax liability;

38           (11) "Taxpayer", a corporation as defined in section 143.441 or 143.471, any  
39 charitable organization that is exempt from federal income tax and whose Missouri  
40 unrelated business taxable income, if any, would be subject to the state income tax  
41 imposed under chapter 143, or an individual or partnership subject to the state income  
42 tax imposed by the provisions of chapter 143.

43           3. For all tax years beginning on or after January 1, 2024, a child care provider  
44 with three or more employees may claim a tax credit authorized in this section in an  
45 amount equal to the child care provider's eligible employer withholding tax, and may  
46 also claim a tax credit in an amount up to thirty percent of the child care provider's  
47 capital expenditures. No tax credit for capital expenditures shall be allowed if the  
48 capital expenditures are less than one thousand dollars. The amount of any tax credit  
49 issued under this section shall not exceed two hundred thousand dollars per child care  
50 provider per tax year.

51           4. To claim a tax credit authorized under this section, a child care provider shall  
52 submit to the department, for preliminary approval, an application for the tax credit on  
53 a form provided by the department and at such times as the department may require. If

54 the child care provider is applying for a tax credit for capital expenditures, the child  
55 care provider shall present proof acceptable to the department that the child care  
56 provider's capital expenditures satisfy the requirements of subdivision (1) of subsection  
57 2 of this section. Upon final approval of an application, the department shall issue the  
58 child care provider a certificate of tax credit.

59       5. The tax credits authorized by this section shall not be refundable and shall not  
60 be transferred, sold, assigned, or otherwise conveyed. Any amount of credit that  
61 exceeds the child care provider's state tax liability for the tax year for which the tax  
62 credit is issued may be carried back to the child care provider's immediately prior tax  
63 year or carried forward to the child care provider's subsequent tax year for up to five  
64 succeeding tax years.

65       6. Notwithstanding any provision of subsection 5 of this section to the contrary, a  
66 child care provider that is exempt, under 26 U.S.C. Section 501(c)(3), and any  
67 amendments thereto, from all or part of the federal income tax shall be eligible for a  
68 refund of its tax credit issued under this section, without regard to whether it has  
69 incurred any state tax liability. Such exempt child care provider may claim a refund of  
70 the tax credit on its tax return required to be filed under the provisions of chapter 143,  
71 exclusive of the return for the withholding of tax under sections 143.191 to 143.265. If  
72 such exempt child care provider is not required to file a tax return under the provisions  
73 of chapter 143, the exempt child care provider may claim a refund of the tax credit on a  
74 refund claim form prescribed by the department of revenue. The department of  
75 revenue shall prescribe such forms, instructions, and rules as it deems appropriate to  
76 carry out the provisions of this subsection.

77       7. (1) The cumulative amount of tax credits authorized under this section shall  
78 not exceed twenty million dollars for each calendar year. The department shall approve  
79 tax credit applications on a first-come, first-served basis until the cumulative tax credit  
80 authorization limit is reached for the calendar year.

81       (2) If the maximum amount of tax credits allowed in any calendar year as  
82 provided under subdivision (1) of this subsection is authorized, the maximum amount of  
83 tax credits allowed under subdivision (1) of this subsection shall be increased by fifteen  
84 percent, provided that all such increases in the allowable amount of tax credits shall be  
85 reserved for child care providers located in a child care desert. The director of the  
86 department shall publish such adjusted amount.

87       8. The tax credit authorized by this section shall be considered a domestic and  
88 social tax credit under subdivision (5) of subsection 2 of section 135.800.

89       9. All action and communication undertaken or required with respect to this  
90 section shall be exempt from section 105.1500. Notwithstanding section 32.057 or any

91 other tax confidentiality law to the contrary, the department of revenue may disclose tax  
92 information to the department for the purpose of the verification of a child care  
93 provider's eligible employer withholding tax under this section.

94 10. The department may promulgate rules and adopt statements of policy,  
95 procedures, forms, and guidelines to implement and administer the provisions of this  
96 section. Any rule or portion of a rule, as that term is defined in section 536.010, that is  
97 created under the authority delegated in this section shall become effective only if it  
98 complies with and is subject to all of the provisions of chapter 536 and, if applicable,  
99 section 536.028. This section and chapter 536 are nonseverable and if any of the powers  
100 vested with the general assembly under chapter 536 to review, to delay the effective date,  
101 or to disapprove and annul a rule are subsequently held unconstitutional, then the grant  
102 of rulemaking authority and any rule proposed or adopted after August 28, 2023, shall  
103 be invalid and void.

104 11. Under section 23.253 of the Missouri sunset act:

105 (1) The provisions of the new program authorized under this section shall  
106 automatically sunset December 31, 2029, unless reauthorized by an act of the general  
107 assembly;

108 (2) If such program is reauthorized, the program authorized under this section  
109 shall automatically sunset six years after the effective date of the reauthorization of this  
110 section;

111 (3) This section shall terminate on September first of the calendar year  
112 immediately following the calendar year in which the program authorized under this  
113 section is sunset; and

114 (4) The provisions of this subsection shall not be construed to limit or in any way  
115 impair the department of revenue's ability to redeem tax credits authorized on or before  
116 the date the program authorized under this section expires, or a taxpayer's ability to  
117 redeem such tax credits.

135.2560. 1. This section shall be known and may be cited as the "Supporting  
2 Use of Child Care for Economic Stability and Security Tax Credit" or the "SUCCESS  
3 Tax Credit".

4 2. The general assembly of this state finds that the availability of childcare  
5 supports the well-being of children, families, the workforce, and society as a whole. The  
6 SUCCESS tax credit is intended to support the use of child care by Missouri parents  
7 who work or actively look for work, in order to promote economic stability and security.

8 3. For the purposes of this section, the following terms mean:

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

10 (2) "Eligible taxpayer", a resident individual who:

11           **(a) Is subject to the tax imposed under chapter 143, excluding withholding tax**  
12 **imposed under sections 143.191 to 143.265;**

13           **(b) Has a status of:**

14           **a. Single, head of household, qualifying widow or widower, or married filing**  
15 **separately and such individual has a Missouri adjusted gross income of no more than**  
16 **seventy-five thousand dollars; or**

17           **b. Married filing combined and such individual has a combined Missouri**  
18 **adjusted gross income of no more than one hundred fifty thousand dollars; and**

19           **(c) Is eligible to receive, and claims, a federal tax credit under 26 U.S.C. Section**  
20 **21, as amended, relating to child and dependent care expenses, for the tax year for**  
21 **which the tax credit under this section is sought;**

22           **(3) "Employment-related expenses", the same meaning as defined in 26 U.S.C.**  
23 **Section 21, as amended;**

24           **(4) "Qualifying child", a qualifying child of the eligible taxpayer as defined in 26**  
25 **U.S.C. Section 152, as amended, if the child was under six years of age at any time**  
26 **during the tax year for which the tax credit is being sought;**

27           **(5) "Tax credit", a credit against the tax otherwise due under chapter 143,**  
28 **excluding withholding tax imposed under sections 143.191 to 143.265.**

29           **4. For all tax years beginning on or after January 1, 2024, an eligible taxpayer**  
30 **shall be allowed a nonrefundable tax credit equal to the eligible taxpayer's employment-**  
31 **related expenses incurred for up to two qualifying children, but not exceeding the**  
32 **following amounts per qualifying child:**

33           **(1) One thousand eight hundred dollars of such expenses for each such child who**  
34 **was under two years of age at any time during the tax year for which the tax credit is**  
35 **being sought; and**

36           **(2) One thousand two hundred dollars of such expenses for each such child who**  
37 **was two years of age or older during all of the tax year and under six years of age at any**  
38 **time during the tax year for which the tax credit is being sought.**

39           **5. The tax credit shall be claimed by an eligible taxpayer at the time such**  
40 **taxpayer files a return and shall be applied against the income tax liability imposed by**  
41 **chapter 143 after reduction for all other credits allowed thereon. The tax credit**  
42 **authorized under this section shall be nontransferable and nonrefundable, and shall not**  
43 **be carried back or forward to any other tax year.**

44           **6. For the same tax year or for overlapping tax years, a tax credit under this**  
45 **proposal shall not be claimed by more than one taxpayer for the same child.**

46           **7. The department may promulgate rules and regulations to administer the**  
47 **provisions of this section. Any rule or portion of a rule, as that term is defined in section**



48 **536.010, that is created under the authority delegated in this section shall become**  
49 **effective only if it complies with and is subject to all of the provisions of chapter 536 and,**  
50 **if applicable, section 536.028. This section and chapter 536 are nonseverable and if any**  
51 **of the powers vested with the general assembly under chapter 536 to review, to delay the**  
52 **effective date, or to disapprove and annul a rule are subsequently held unconstitutional,**  
53 **then the grant of rulemaking authority and any rule proposed or adopted after August**  
54 **28, 2023, shall be invalid and void.**

55 **8. Under section 23.253 of the Missouri sunset act:**

56 **(1) The provisions of the new program authorized under this section shall**  
57 **automatically sunset on December 31, 2029, unless reauthorized by an act of the general**  
58 **assembly;**

59 **(2) If such program is reauthorized, the program authorized under this section**  
60 **shall automatically sunset six years after the effective date of the reauthorization of this**  
61 **section;**

62 **(3) This section shall terminate on September first of the calendar year**  
63 **immediately following the calendar year in which the program authorized under this**  
64 **section is sunset; and**

65 **(4) The provisions of this subsection shall not be construed to limit or in any way**  
66 **impair the department's ability to redeem tax credits authorized on or before the date**  
67 **the program authorized under this section expires, or a taxpayer's ability to redeem**  
68 **such tax credits.**

166.700. As used in sections 166.700 to 166.720, the following terms mean:

2 **(1) "Curriculum", a complete course of study for a particular content area or grade**  
3 **level, including any supplemental materials;**

4 **(2) "District", the same meaning as used in section 160.011;**

5 **(3) "Educational assistance organization", the same meaning as used in section**  
6 **135.712;**

7 **(4) "Parent", the same meaning as used in section 135.712;**

8 **(5) "Private school", a school that is not a part of the public school system of the state**  
9 **of Missouri and that charges tuition for the rendering of elementary or secondary educational**  
10 **services;**

11 **(6) "Program", the same meaning as used in section 135.712;**

12 **(7) "Qualified school", a home school as defined in section 167.031 or any of the**  
13 **following entities that is incorporated in Missouri and that does not discriminate on the basis**  
14 **of race, color, or national origin:**

15 **(a) A charter school as defined in section 160.400;**

16 **(b) A private school;**

17 (c) A public school as defined in section 160.011; ~~or~~

18 (d) A public or private virtual school; **or**

19 (e) **A public or private preschool program that is an educational-based program**  
 20 **that provides services to children who are three years of age or older but are not yet**  
 21 **eligible to attend kindergarten with the goal of ensuring such children are ready to enter**  
 22 **kindergarten and are capable of completing the kindergarten curriculum;**

23 (8) "Qualified student"~~[-]~~:

24 (a) Any elementary or secondary school student who is a resident of this state and  
 25 resides in any county with a charter form of government or any city with at least thirty  
 26 thousand inhabitants who:

27 ~~[(a)]~~ a. Has an approved "individualized education plan" (IEP) developed under the  
 28 federal Individuals with Disabilities Education Act (IDEA), 20 U.S.C. Section 1400, et seq.,  
 29 as amended; or

30 ~~[(b)]~~ b. Is a member of a household whose total annual income does not exceed an  
 31 amount equal to two hundred percent of the income standard used to qualify for free and  
 32 reduced price lunches, and meets at least one of the following qualifications:

33 ~~[(i)]~~ (i) Attended a public school as a full-time student for at least one semester during  
 34 the previous twelve months; or

35 ~~[(ii)]~~ (ii) Is a child who is eligible to begin kindergarten or first grade under sections  
 36 160.051 to 160.055; **or**

37 (b) **Any child who is three years of age or older but not yet eligible to attend**  
 38 **kindergarten who is a resident of this state who:**

39 **a. Has an approved "individualized education plan" (IEP) developed under the**  
 40 **federal Individuals with Disabilities Education Act (IDEA), 20 U.S.C. Section 1400, et**  
 41 **seq., as amended; or**

42 **b. Is a member of a household whose total annual income does not exceed an**  
 43 **amount equal to two hundred percent of the income standard used to qualify for free**  
 44 **and reduced price lunches.**

166.705. 1. A parent of a qualified student may establish a Missouri empowerment  
 2 scholarship account for the student by entering into a written agreement with an educational  
 3 assistance organization. The agreement shall provide that:

4 (1) The qualified student shall enroll in a qualified school and receive an education in  
 5 at least the subjects of English language arts, mathematics, social studies, and science **or, if**  
 6 **the student is three years of age or older but not yet eligible to attend kindergarten, the**  
 7 **student shall enroll in a qualified school and receive an education with the goal of**  
 8 **ensuring such child is ready to enter kindergarten and is capable of completing the**  
 9 **kindergarten curriculum;**

10 (2) Except for a qualified student who is in the custody of the state, the qualified  
11 student shall not be enrolled in a public school operated by, or a charter school located within,  
12 the qualified student's district of residence and shall release the district of residence from all  
13 obligations to educate the qualified student while the qualified student is enrolled in the  
14 program. This subdivision shall not be construed to relieve the student's district of residence  
15 from the obligation to conduct an evaluation for disabilities;

16 (3) The qualified student shall receive a grant, in the form of moneys deposited in  
17 accordance with section 135.714, in the qualified student's Missouri empowerment  
18 scholarship account;

19 (4) The moneys deposited in the qualified student's Missouri empowerment  
20 scholarship account shall be used only for the following expenses of the qualified student:

21 (a) Tuition or fees at a qualified school;

22 (b) Textbooks required by a qualified school;

23 (c) Educational therapies or services from a licensed or accredited practitioner or  
24 provider including, but not limited to, licensed or accredited paraprofessionals or educational  
25 aides;

26 (d) Tutoring services;

27 (e) Curriculum;

28 (f) Tuition or fees for a private virtual school;

29 (g) Fees for a nationally standardized norm-referenced achievement test, advanced  
30 placement examinations, international baccalaureate examinations, or any examinations  
31 related to college or university admission;

32 (h) Fees for management of the Missouri empowerment scholarship account by firms  
33 selected by the educational assistance organization;

34 (i) Services provided by a public school including, but not limited to, individual  
35 classes and extracurricular programs;

36 (j) Computer hardware or other technological devices that are used to help meet the  
37 qualified student's educational needs and that are approved by an educational assistance  
38 organization;

39 (k) Fees for summer education programs and specialized after-school education  
40 programs;

41 (l) Transportation costs for mileage to and from a qualified school; and

42 (5) Moneys deposited in the qualified student's Missouri empowerment scholarship  
43 account shall not be used for the following:

44 (a) Consumable educational supplies including, but not limited to, paper, pens,  
45 pencils, or markers;

46 (b) Tuition at a private school located outside of the state of Missouri; and

47 (c) Payments or reimbursements to any person related within the third degree of  
48 consanguinity or affinity to a qualified student.

49 2. Missouri empowerment scholarship accounts are renewable on an annual basis  
50 upon request of the parent of a qualified student. Notwithstanding any changes to the  
51 qualified student's multidisciplinary evaluation team plan, a student who has previously  
52 qualified for a Missouri empowerment scholarship account shall remain eligible to apply for  
53 renewal until the student completes high school and submits scores to the state treasurer from  
54 a nationally standardized norm-referenced achievement test, advanced placement  
55 examination, international baccalaureate examination, or any examination related to college  
56 or university admission purchased with Missouri empowerment scholarship account funds.

57 3. A signed agreement under this section shall satisfy the compulsory school  
58 attendance requirements of section 167.031.

59 4. A qualified school or a provider of services purchased under this section shall not  
60 share, refund, or rebate any Missouri empowerment scholarship account moneys with the  
61 parent or qualified student in any manner.

62 5. If a qualified student withdraws from the program by enrolling in a school other  
63 than a qualified school or is disqualified from the program under the provisions of section  
64 166.710, the qualified student's Missouri empowerment scholarship account shall be closed  
65 and any remaining funds shall be returned to the educational assistance organization for  
66 redistribution to other qualified students. Under such circumstances, the obligation to provide  
67 an education for such student shall transfer back to the student's district of residence.

68 6. Any funds remaining in a qualified student's Missouri empowerment scholarship  
69 account at the end of a school year shall remain in the account and shall not be returned to the  
70 educational assistance organization. Any funds remaining in a qualified student's Missouri  
71 empowerment scholarship account upon graduation from a qualified school shall be returned  
72 to the educational assistance organization for redistribution to other qualified students.

73 7. Moneys received under sections 166.700 to 166.720 shall not constitute Missouri  
74 taxable income to the parent of the qualified student.

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