

FIRST REGULAR SESSION

# HOUSE BILL NO. 1027

## 102ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE SMITH (155).

2217H.011

DANA RADEMAN MILLER, Chief Clerk

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### AN ACT

To repeal section 143.177, RSMo, and to enact in lieu thereof one new section relating to income taxes.

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

Section A. Section 143.177, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.177, to read as follows:

143.177. 1. This section shall be known and may be cited as the "Missouri Working Family Tax Credit Act".

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

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

(2) "Eligible taxpayer", a resident individual with a filing status of single, head of household, widowed, or married filing combined who is subject to the tax imposed under this chapter, excluding withholding tax imposed under sections 143.191 to 143.265, and who is allowed a federal earned income tax credit under 26 U.S.C. Section 32, as amended;

(3) "Tax credit", a credit against the tax otherwise due under this chapter, excluding withholding tax imposed under sections 143.191 to 143.265.

3. (1) Beginning with the 2023 calendar year, an eligible taxpayer shall be allowed a tax credit in an amount equal to a percentage of the amount such taxpayer would receive under the federal earned income tax credit as such credit existed under 26 U.S.C. Section 32 as of January 1, 2021, as provided pursuant to subdivision (2) of this subsection. The tax credit allowed by this section shall be claimed by such taxpayer at the time such taxpayer files a return and shall be applied against the income tax liability imposed by this chapter after reduction for all other credits allowed thereon. If the amount of the credit exceeds the tax

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 liability, the difference shall ~~[not]~~ be refunded to the taxpayer ~~[and shall not be carried~~  
19 ~~forward to any subsequent tax year]~~.

20 (2) Subject to the provisions of subdivision (3) of this subsection, the percentage of  
21 the federal earned income tax credit to be allowed as a tax credit pursuant to subdivision (1)  
22 of this subsection shall be ten percent, which may be increased to twenty percent subject to  
23 the provisions of subdivision (3) of this subsection. The maximum percentage that may be  
24 claimed as a tax credit pursuant to this section shall be twenty percent of the federal earned  
25 income tax credit that may be claimed by such taxpayer. Any increase in the percentage that  
26 may be claimed as a tax credit shall take effect on January first of a calendar year and such  
27 percentage shall continue in effect until the next percentage increase occurs. An increase  
28 shall only apply to tax years that begin on or after the increase takes effect.

29 (3) The initial percentage to be claimed as a tax credit and any increase in the  
30 percentage that may be claimed pursuant to subdivision (2) of this subsection shall only occur  
31 if the amount of net general revenue collected in the previous fiscal year exceeds the highest  
32 amount of net general revenue collected in any of the three fiscal years prior to such fiscal  
33 year by at least one hundred fifty million dollars.

34 4. Notwithstanding the provisions of section 32.057 to the contrary, the department  
35 shall determine whether any taxpayer filing a report or return with the department who did not  
36 apply for the credit authorized under this section may qualify for the credit and, if so,  
37 determines a taxpayer may qualify for the credit, shall notify such taxpayer of his or her  
38 potential eligibility. In making a determination of eligibility under this section, the  
39 department shall use any appropriate and available data including, but not limited to, data  
40 available from the Internal Revenue Service, the U.S. Department of Treasury, and state  
41 income tax returns from previous tax years.

42 5. The department shall prepare an annual report containing statistical information  
43 regarding the tax credits issued under this section for the previous tax year, including the total  
44 amount of revenue expended, the number of credits claimed, and the average value of the  
45 credits issued to taxpayers whose earned income falls within various income ranges  
46 determined by the department.

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

54 of rulemaking authority and any rule proposed or adopted after January 1, 2023, shall be  
55 invalid and void.

56 7. Tax credits authorized under this section shall not be subject to the requirements of  
57 sections 135.800 to 135.830.

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