

# HOUSE BILL NO. 1310

## 102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE SMITH (163).

2319H.02I

DANA RADEMAN MILLER, Chief Clerk

### AN ACT

To repeal section 143.011, RSMo, and to enact in lieu thereof one new section relating to income tax.

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

Section A. Section 143.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.011, to read as follows: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

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.

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) Notwithstanding the provisions of subsection 1 of this section to the contrary,  
 25 beginning with the 2023 calendar year, the top rate of tax pursuant to subsection 1 of this  
 26 section shall be four and ninety-five hundredths percent.

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

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

33           3. (1) In addition to the rate reduction under subsection 2 of this section, beginning  
 34 with the 2024 calendar year, the top rate of tax under subsection 1 of this section may be  
 35 reduced by fifteen hundredths of a percent. A reduction in the rate of tax shall take effect on  
 36 January first of a calendar year and such reduced rates shall continue in effect until the next  
 37 reduction occurs.

38           (2) A reduction in the rate of tax shall only occur if the amount of net general revenue  
 39 collected in the previous fiscal year exceeds the highest amount of net general revenue  
 40 collected in any of the three fiscal years prior to such fiscal year by at least one hundred  
 41 seventy-five million dollars.

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

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

46           4. (1) In addition to the rate reductions under subsections 2 and 3 of this section,  
 47 beginning with the calendar year immediately following the calendar year in which a  
 48 reduction is made pursuant to subsection 3 of this section, the top rate of tax under subsection  
 49 1 of this section may be further reduced over a period of years. Each reduction in the top rate  
 50 of tax shall be by one-tenth of a percent and no more than one reduction shall occur in a  
 51 calendar year. ~~[No more than three]~~ **There shall be no cap on the number of** reductions  
 52 ~~[shall be]~~ made under this subsection. Reductions in the rate of tax shall take effect on

53 January first of a calendar year and such reduced rates shall continue in effect until the next  
54 reduction occurs.

55 (2) ~~[(a)]~~ A reduction in the rate of tax shall only occur if:

56 ~~[a.]~~ (a) The amount of net general revenue collected in the previous fiscal year  
57 exceeds the highest amount of net general revenue collected in any of the three fiscal years  
58 prior to such fiscal year by at least two hundred million dollars; and

59 ~~[b.]~~ (b) The amount of net general revenue collected in the previous fiscal year  
60 exceeds the amount of net general revenue collected in the fiscal year five years prior~~;~~  
61 ~~adjusted annually by the percentage increase in inflation over the preceding five fiscal years].~~

62 ~~[(b) The amount of net general revenue collected required by subparagraph a. of~~  
63 ~~paragraph (a) of this subdivision in order to make a reduction pursuant to this subsection shall~~  
64 ~~be adjusted annually by the percent increase in inflation beginning with January 2, 2023.]~~

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

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

72 5. Beginning with the 2017 calendar year, the brackets of Missouri taxable income  
73 identified in subsection 1 of this section shall be adjusted annually by the percent increase in  
74 inflation. The director shall publish such brackets annually beginning on or after October 1,  
75 2016. Modifications to the brackets shall take effect on January first of each calendar year  
76 and shall apply to tax years beginning on or after the effective date of the new brackets.

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

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

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

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

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