

FIRST REGULAR SESSION

HOUSE BILL NO. 1332

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE SPARKS.

2583H.02I

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 143.011, RSMo, and to enact in lieu thereof two new sections relating to taxation.

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

Section A. Section 143.011, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 143.011 and 146.200, to read as follows: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
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
Over \$8,000 but not over \$9,000	\$260 plus 5 1/2% of excess over \$8,000
Over \$9,000	\$315 plus 6% of excess over \$9,000

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.

15 2. (1) Notwithstanding the provisions of subsection 1 of this section to the contrary,
16 beginning with the 2023 calendar year, the top rate of tax pursuant to subsection 1 of this
17 section shall be four and ninety-five hundredths percent.

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

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

24 3. (1) In addition to the rate reduction under subsection 2 of this section, beginning
25 with the 2024 calendar year, the top rate of tax under subsection 1 of this section may be
26 reduced by fifteen hundredths of a percent. A reduction in the rate of tax shall take effect on
27 January first of a calendar year and such reduced rates shall continue in effect until the next
28 reduction occurs.

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

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

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

37 4. (1) In addition to the rate reductions under subsections 2 and 3 of this section,
38 beginning with the calendar year immediately following the calendar year in which a
39 reduction is made pursuant to subsection 3 of this section, the top rate of tax under subsection
40 1 of this section may be further reduced over a period of years. Each reduction in the top rate
41 of tax shall be by one-tenth of a percent and no more than one reduction shall occur in a
42 calendar year. No more than three reductions shall be made under this subsection.
43 Reductions in the rate of tax shall take effect on January first of a calendar year and such
44 reduced rates shall continue in effect until the next reduction occurs.

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

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

49 b. The amount of net general revenue collected in the previous fiscal year exceeds the
50 amount of net general revenue collected in the fiscal year five years prior, adjusted annually
51 by the percentage increase in inflation over the preceding five fiscal years.

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

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

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

62 **5. (1) In addition to the rate reductions pursuant to subsections 2 to 4 of this**
63 **section, beginning with the 2024 calendar year, the top rate of tax pursuant to subsection**
64 **1 of this section may be reduced by seventeen-hundredths of one percent. Such**
65 **reduction in the rate of tax shall take effect on January first of a calendar year.**

66 **(2) A reduction in the rate of tax under this subsection shall only occur if one or**
67 **more institutions is subject to the tax imposed on the endowments of institutions of**
68 **higher education pursuant to section 146.200.**

69 **(3) The modification of tax rates under this subsection shall only apply to tax**
70 **years that begin on or after the date the modification takes effect.**

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

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

78 **[6.] 7.** As used in this section, the following terms mean:

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

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

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

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

146.200. 1. As used in this section, the following terms shall mean:

2 **(1) "Biological sex", the biological indication of male or female in the context of**
3 **reproductive potential or capacity, such as sex chromosomes, naturally occurring sex**
4 **hormones, gonads, and nonambiguous internal and external genitalia present at birth,**
5 **without regard to an individual's psychological, chosen, or subjective experience of**
6 **gender;**

7 **(2) "Cross-sex hormones":**

8 **(a) Testosterone or other androgens given to biological sex females in amounts**
9 **that are larger or more potent than would normally occur naturally in healthy biological**
10 **sex females; and**

11 **(b) Estrogen given to biological sex males in amounts that are larger or more**
12 **potent than would normally occur naturally in healthy biological sex males;**

13 **(3) "Endowment", a permanent fund held by an institution of higher education**
14 **that:**

15 **(a) Consists of property, cash, cash equivalents, stocks, bonds, or any other**
16 **marketable security;**

17 **(b) Is used for purposes indicated by donors to such fund or for other purposes**
18 **related to the mission of the institution of higher education; and**

19 **(c) Attempts to maintain and grow the principal of such fund, while annually**
20 **disbursing all or part of investment earnings generated by the fund;**

21 **(4) "Gender", the psychological, behavioral, social, and cultural aspects of being**
22 **male or female;**

23 **(5) "Gender reassignment surgery", any medical or surgical service that seeks to**
24 **surgically alter or remove healthy physical or anatomical characteristics or features that**
25 **are typical for the individual's biological sex in order to instill or create physiological or**
26 **anatomical characteristics that resemble a sex different from the individual's biological**
27 **sex, including, but not limited to, genital or nongenital gender reassignment surgery**
28 **performed for the purpose of assisting an individual with a gender transition;**

29 **(6) "Gender transition", the process in which an individual transitions from**
30 **identifying with and living as a gender that corresponds to his or her biological sex to**
31 **identifying and living as a gender different from his or her biological sex, and may**
32 **involve social, legal, or physical changes;**

33 **(7) "Gender transition procedures":**

34 **(a) Any medical or surgical service, including, but not limited to, physician's**
35 **services, inpatient and outpatient hospital services, or prescribed drugs, related to**
36 **gender transition that seeks to:**

- 37 a. Alter or remove physical or anatomical characteristics or features that are
38 typical for the individual's biological sex; or
- 39 b. Instill or create physiological or anatomical characteristics that resemble a sex
40 different from the individual's biological sex, including, but not limited to:
- 41 (i) Medical services that provide puberty-blocking drugs, cross-sex hormones, or
42 other mechanisms to promote the development of feminizing or masculinizing features
43 in the opposite biological sex; or
- 44 (ii) Genital or nongenital gender reassignment surgery performed for the
45 purpose of assisting an individual with a gender transition;
- 46 (b) The term "gender transition procedures" shall not include:
- 47 a. Services to individuals born with a medically-verifiable disorder of sex
48 development, including, but not limited to, an individual with external biological sex
49 characteristics that are irresolvably ambiguous, such as those born with 46,XX
50 chromosomes with virilization, 46,XY chromosomes with undervirilization, or having
51 both ovarian and testicular tissue;
- 52 b. Services provided when a physician has otherwise diagnosed an individual
53 with a disorder of sex development and determined through genetic or biochemical
54 testing that the individual does not have normal sex chromosome structure, sex steroid
55 hormone production, or sex steroid hormone action;
- 56 c. The treatment of any infection, injury, disease, or disorder that has been
57 caused by or exacerbated by the performance of gender transition procedures
58 regardless of whether the gender transition procedure was performed in accordance
59 with state and federal law; or
- 60 d. Any procedure undertaken because the individual suffers from a physical
61 disorder, physical injury, or physical illness that would, as certified by a physician, place
62 the individual in imminent danger of death or impairment of a major bodily function
63 unless surgery is performed;
- 64 (8) "Genital gender reassignment surgery", a medical procedure performed for
65 the purpose of assisting an individual with a gender transition, including, but not limited
66 to:
- 67 (a) Surgical procedures such as penectomy, orchiectomy, vaginoplasty,
68 clitoroplasty, or vulvoplasty for biologically male patients or hysterectomy or
69 ovariectomy for biologically female patients;
- 70 (b) Reconstruction of the fixed part of the urethra with or without a
71 metoidioplasty; or
- 72 (c) Phalloplasty, vaginectomy, scrotoplasty, or implantation of erection or
73 testicular prostheses for biologically female patients;

74 **(9) "Nongenital gender reassignment surgery", medical procedures performed**
75 **for the purpose of assisting an individual with a gender transition, including, but not**
76 **limited to:**

77 **(a) Surgical procedures for biologically male patients, such as augmentation**
78 **mammoplasty, facial feminization surgery, liposuction, lipofilling, voice surgery, thyroid**
79 **cartilage reduction, gluteal augmentation, hair reconstruction, or various aesthetic**
80 **procedures; or**

81 **(b) Surgical procedures for biologically female patients, such as subcutaneous**
82 **mastectomy, voice surgery, liposuction, lipofilling, pectoral implants, or various**
83 **aesthetic procedures;**

84 **(10) "Physician", an individual who is licensed under chapter 334;**

85 **(11) "Puberty-blocking drugs", gonadotropin-releasing hormone analogues or**
86 **other synthetic drugs used in biological sex males to stop luteinizing hormone secretion**
87 **and therefore testosterone secretion, or synthetic drugs used in biological sex females**
88 **that stop the production of estrogens and progesterone, when used to delay or suppress**
89 **pubertal development in children for the purpose of assisting an individual with a**
90 **gender transition;**

91 **(12) "Qualifying institution of higher education", an institution of higher**
92 **education that:**

93 **(a) Is affiliated with, or provides medical faculty to, any abortion facility, as such**
94 **term is defined in section 188.015;**

95 **(b) Offers specific medical residencies or fellowships that offer training in**
96 **performing or inducing abortions;**

97 **(c) Supports in any manner any abortion facility where abortions are performed**
98 **or induced when not necessary to save the life of the mother; or**

99 **(d) Performs gender transition procedures on minor children or offers specific**
100 **training in performing gender transition procedures on minor children.**

101 **2. For all tax years beginning on or after January 1, 2024, a tax is hereby**
102 **imposed for every tax year on the endowment of a qualifying institution of higher**
103 **education at a rate of five percent of the aggregate fair market value of the assets of such**
104 **endowment.**

105 **3. Revenues generated by the tax imposed under this section shall be deposited**
106 **in the general revenue fund.**

107 **4. The department of revenue shall promulgate rules to implement the**
108 **provisions of this section. Any rule or portion of a rule, as that term is defined in section**
109 **536.010, that is created under the authority delegated in this section shall become**
110 **effective only if it complies with and is subject to all of the provisions of chapter 536 and,**

111 **if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any**
112 **of the powers vested with the general assembly under chapter 536 to review, to delay the**
113 **effective date, or to disapprove and annul a rule are subsequently held unconstitutional,**
114 **then the grant of rulemaking authority and any rule proposed or adopted after August**
115 **28, 2023, shall be invalid and void.**

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