

FIRST REGULAR SESSION

HOUSE BILL NO. 1396

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MAYHEW.

2617H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 143, RSMo, by adding thereto one new section relating to income tax.

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

Section A. Chapter 143, RSMo, is amended by adding thereto one new section, to be
2 known as section 143.024, to read as follows:

143.024. 1. For the purposes of this section, the following terms mean:

2 **(1) "Federal poverty guidelines", the federal poverty guidelines updated**
3 **annually in the Federal Register by the United States Department of Health and Human**
4 **Services under the authority of 42 U.S.C. Section 9902(2), as amended;**

5 **(2) "Qualified state employee income", the amount of any wages or salaries paid**
6 **to a state employee as direct remuneration for services provided and derived from state**
7 **employment that does not exceed six hundred percent of the federal poverty guidelines**
8 **for an individual and calculated without regard to any other sources of income or**
9 **persons in the state employee's family or household that is included in federal adjusted**
10 **gross income and not otherwise excluded therefrom. The term "qualified state**
11 **employee income" as used under this section shall not include the state employee's**
12 **income from sources other than state employment, as calculated and taxed under this**
13 **chapter;**

14 **(3) "State employee", any individual with an income tax liability under this**
15 **chapter, excluding the withholding tax imposed by sections 143.191 to 143.265, who is**
16 **employed in a full-time or part-time position by the state of Missouri and earns a salary**
17 **or wage in a position normally requiring the actual performance by him or her of duties**
18 **in such state employment, as defined under this section. The term "state employee"**

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.

19 shall not include any elected or appointed office of the state of Missouri; any contractor,
20 independent contractor, or worker submitted on a federal 1099 form; temporary
21 employee; or a person whose payment is contingent on the commission or performance
22 of work on a specific, one-time basis;

23 (4) "State employment", employment by any agency, department, division,
24 office, board, bureau, commission, institution, instrumentality, or other unit of the
25 executive branch, legislative branch, judicial branch, or other governmental entity of
26 the state of Missouri, excluding municipalities, counties, institutions of higher education,
27 and any public retirement system.

28 2. Notwithstanding any other provision of law to the contrary for all tax years
29 beginning on or after January 1, 2024, there shall be no tax imposed under this chapter
30 on the qualified state employee income of any resident who is a state employee and there
31 shall be no employer withholding of such income under section 143.191. Any portion of
32 a state employee's wages or salary derived from state employment that exceeds the
33 threshold for qualified state employee income shall be subject to tax under this chapter
34 on the remaining portion of such wages or salary.

35 3. The exemption under this section shall be applied before all other applicable
36 exemptions, deductions, and other modifications allowed by law when calculating a state
37 employee's Missouri adjusted gross income.

38 4. The department may promulgate all necessary rules and regulations for the
39 administration of this section. Any rule or portion of a rule, as that term is defined in
40 section 536.010, that is created under the authority delegated in this section shall
41 become effective only if it complies with and is subject to all of the provisions of chapter
42 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable
43 and if any of the powers vested with the general assembly pursuant to chapter 536 to
44 review, to delay the effective date, or to disapprove and annul a rule are subsequently
45 held unconstitutional, then the grant of rulemaking authority and any rule proposed or
46 adopted after August 28, 2023, shall be invalid and void.

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