

HB 1014 -- MISSOURI CHILD TAX CREDIT ACT

SPONSOR: Quade

This bill establishes the "Missouri Child Tax Credit Act".

Beginning January 1, 2024, qualified taxpayers may claim a refundable tax credit for each qualified child in the following amounts:

- (1) A credit of \$1,600 for each child who is five years of age or younger;
- (2) A credit of \$1,000 for each child who is between the ages of six and 17 years.

In order to qualify for the tax credit, a Missouri taxpayer's adjusted gross income (AGI) threshold amounts shall be as follows:

- (1) For taxpayers filing married combined or widowed, \$150,000;
- (2) For taxpayers filing head of household, \$112,500; or
- (3) For taxpayers filing single, \$75,000.

In addition, such tax credits shall be reduced by \$50 for each \$1,000 by which the qualified taxpayer's Missouri Adjusted Gross Income exceeds the applicable threshold amount for such taxpayer's filing status.

Except in the case of a tax year closed by reason of the death of the qualified taxpayer, no tax credit shall be allowed in the case of a tax year covering a period of less than 12 months. No qualified child shall be claimed for more than one tax credit in the same tax year. If a child may be claimed as a qualified child by two or more taxpayers for a tax year beginning in the same calendar year, the Department of Revenue (DOR) may adopt rules and regulations addressing such instances.

A qualified taxpayer shall be allowed to claim a cumulative amount of up to six tax credits or \$10,000 total, whichever is less.

Qualified taxpayers may apply to receive such tax credit in advance of filing their Missouri income tax return, and may elect to receive the tax credit in monthly disbursements. In the alternative, a qualified taxpayer may claim this tax credit when filing his or her Missouri income tax return. The Department shall begin accepting applications for the tax credit not later than October 1, 2023, and shall allow applications for the 2024 tax year

through June 30, 2024. For each tax year thereafter, such application period shall begin not later than October first preceding the tax year for which the credit is claimed and ending June 30th of such year. The Department may begin monthly advanced refund installment payments for the 2024 tax year beginning on or after January 1, 2024, or immediately upon approval of the application.

No credit shall be allowed unless the qualified taxpayer includes the name, Social Security number, custody decrees or arrangements if applicable, and any other identification documents for such qualifying child that DOR determines to be necessary for advanced payment or on the Missouri income tax return for the tax year that the tax credit is claimed.

In the event that a qualified taxpayer does not apply for the credit, DOR shall notify such taxpayer of his or her potential eligibility. In making a determination of eligibility, DOR shall use any appropriate and available data including, but not limited to, data from the Internal Revenue Service, the U.S. Department of the Treasury, and state income tax returns from previous tax years.

This refundable tax credit, or the monthly payment thereof, shall be in addition to any federal child tax credits under 24 U.S.C. Section 26 claimed by a qualified taxpayer. No tax credit claimed shall be carried forward to any subsequent tax year. Nor shall any tax credit claimed be assigned, transferred, sold, or otherwise conveyed.

The provisions of the Act shall automatically sunset six years after its effective date.