

SECOND REGULAR SESSION

# HOUSE BILL NO. 2275

## 102ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE KEATHLEY.

4916H.011

DANA RADEMAN MILLER, Chief Clerk

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### AN ACT

To repeal section 92.120, RSMo, and to enact in lieu thereof one new section relating to earnings taxes.

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

Section A. Section 92.120, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 92.120, to read as follows:

92.120. 1. The tax on salaries, wages, commissions and other compensation of individuals, subject to tax, and on the net profits or earnings of associations, businesses or other activities, and corporations, subject to tax, shall not be in excess of one percent per annum.

2. (1) For all tax years beginning on or after January 1, 2025, the rate of tax imposed pursuant to sections 92.105 to 92.200 in any city not within a county may be reduced over a period of years. Each reduction in the rate of tax shall be by one-tenth of a percent. Reductions in the rate of tax shall take effect on January first of a calendar year and such reduced rates shall continue in effect until the next reduction occurs.

(2) A reduction in the rate of tax shall only occur if the amount of annual revenue received in the previous fiscal year exceeds the amount of annual revenue received in the fiscal year immediately prior to such fiscal year by at least three percent, and more than one reduction may be made in a calendar year.

(3) In any year that a reduction in the rate of tax is made pursuant to this subsection, an amount equal to fifty percent of the growth in annual revenue received for such year shall be deposited into the earnings tax reserve fund created pursuant to subsection 3 of this section.

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

20           **(5) The chief financial officer of the city shall publish the updated rate of tax on**  
21 **the city's website.**

22           **(6) For the purposes of this subsection, "annual revenue received" shall mean all**  
23 **revenue received from any source, including, but not limited to, taxes, fees, charges for**  
24 **services, grants, loans or other intergovernmental transfers, court fines and forfeitures,**  
25 **leases, and investment income.**

26           **3. A city not within a county shall establish an "Earnings Tax Reserve Fund" for**  
27 **the purposes of receiving deposits made pursuant to subsection 2 of this section. Funds**  
28 **deposited into the fund shall be used to offset any reduction in revenues due to**  
29 **reductions in the rate of tax made pursuant to subsection 2 of this section. If the balance**  
30 **in the fund exceeds the amount necessary to offset reductions in revenue due to**  
31 **reductions in the rate of tax, the governing body of the city may authorize refunds to**  
32 **taxpayers from such excess balance.**

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