

# HOUSE BILL NO. 100

## 103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE DAVIDSON.

0158H.011

DANA RADEMAN MILLER, Chief Clerk

### AN ACT

To repeal sections 143.011, 143.021, and 143.171, RSMo, and to enact in lieu thereof three new sections relating to income tax.

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

Section A. Sections 143.011, 143.021, and 143.171, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 143.011, 143.021, and 143.171, to read as follows:

143.011. 1. **For all tax years beginning on or before December 31, 2025**, 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

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.

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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

2. (1) Notwithstanding the provisions of subsection 1 of this section to the contrary, beginning with the 2023 calendar year, **but ending on or before December 31, 2025**, the top rate of tax pursuant to subsection 1 of this section shall be four and ninety-five hundredths percent.

(2) The modification of tax rates made pursuant to this subsection shall apply only to tax years that begin on or after January 1, 2023, **but before January 1, 2026**.

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

~~3. (1) [In addition to the rate reduction under subsection 2 of this section, beginning with the 2024 calendar year, the top rate of tax under subsection 1 of this section may be reduced by fifteen hundredths of a percent. A reduction 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 net general revenue collected in the previous fiscal year exceeds the highest amount of net general revenue collected in any of the three fiscal years prior to such fiscal year by at least one hundred seventy-five million dollars.~~

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

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

~~4. (1) In addition to the rate reductions under subsections 2 and 3 of this section, beginning with the calendar year immediately following the calendar year in which a reduction is made pursuant to subsection 3 of this section, the top rate of tax under subsection 1 of this section may be further reduced over a period of years. Each reduction in the top rate~~

52 of tax shall be by one-tenth of a percent and no more than one reduction shall occur in a  
53 calendar year. No more than three reductions shall be made under this subsection.  
54 Reductions in the rate of tax shall take effect on January first of a calendar year and such  
55 reduced rates shall continue in effect until the next reduction occurs.

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

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

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

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

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

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

73 For all tax years beginning on or after January 1, 2026, a tax of four percent is hereby  
74 imposed on the Missouri taxable income of every resident of this state. The tax shall be  
75 determined by the application of the income provisions provided under section 143.021.

76 (2) The department of revenue shall, by rule and by posting on the department's  
77 website, adjust the appropriate tax rate to effectuate the provisions of this subsection.

78 4. (1) Upon adoption of a constitutional amendment authorizing the creation of  
79 the tax reform fund, in addition to the rate reductions made pursuant to subsection 3 of  
80 this section, beginning with the 2027 calendar year, the tax rate imposed pursuant to  
81 subsection 3 of this section may be reduced over a period of years pursuant to  
82 subdivision (2) of this subsection. A reduction in the rate of tax shall take effect on  
83 January first of the immediately succeeding calendar year and such reduced rate shall  
84 continue in effect until the next reduction occurs.

85 (2) A reduction in the rate of tax shall occur if the amount of net general revenue  
86 collected in the immediately previous fiscal year exceeds anticipated general fund  
87 revenue expenditures for such fiscal year by at least one million dollars and the

88 **minimum balance in the tax reform fund is at least one hundred twenty million dollars**  
89 **at the close of the fiscal year. The amount of the reduction shall be calculated as follows:**

90 (a) **For the first one hundred twenty million dollars in the tax reform fund, one-**  
91 **tenth of one percent; plus**

92 (b) **For each additional sixty million dollars in excess of the minimum balance,**  
93 **one-twentieth of one percent.**

94 (3) **Any modification of the tax rate made pursuant to this subsection shall apply**  
95 **only to tax years that begin on or after the date a modification takes effect.**

96 (4) **The director of the department of revenue shall adjust and publish the tax**  
97 **rate as adjusted pursuant to this subsection to effectuate the provisions of this**  
98 **subsection.**

99 5. Beginning with the 2017 calendar year, **and ending on or before December 31,**  
100 **2025**, the brackets of Missouri taxable income identified in subsection 1 of this section shall  
101 be adjusted annually by the percent increase in inflation. The director shall publish such  
102 brackets annually beginning on or after October 1, 2016. Modifications to the brackets shall  
103 take effect on January first of each calendar year and shall apply to tax years beginning on or  
104 after the effective date of the new brackets.

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

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

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

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

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

143.021. 1. Every resident having a taxable income shall determine his or her tax  
2 from the rates provided in section 143.011. For all tax years beginning on or before  
3 December 31, 2022, there shall be no tax on a taxable income of less than one hundred  
4 dollars.

5 2. (1) Notwithstanding the provisions of subsection 1 of section 143.011 to the  
6 contrary, for all tax years beginning on or after January 1, 2023, **but on or before December**  
7 **31, 2025**, there shall be no tax on taxable income of less than or equal to one thousand dollars,  
8 as adjusted pursuant to subsection 5 of section 143.011.

9 (2) The modifications made pursuant to this subsection shall only apply to tax years  
 10 that begin on or after January 1, 2023, **but on or before December 31, 2025.**

11 (3) The director of the department of revenue shall, by rule, adjust the tax table  
 12 provided in subsection 1 of section 143.011 to effectuate the provisions of this subsection.

13 **3. Notwithstanding the provisions of subsection 3 of section 143.011 to the**  
 14 **contrary, for all tax years beginning on or after January 1, 2026, there shall be no tax on**  
 15 **taxable income of less than or equal to one thousand dollars.**

143.171. 1. For all tax years beginning on or after January 1, 1994, and ending on or  
 2 before December 31, 2018, an individual taxpayer shall be allowed a deduction for his or her  
 3 federal income tax liability under Chapter 1 of the Internal Revenue Code for the same  
 4 taxable year for which the Missouri return is being filed, not to exceed five thousand dollars  
 5 on a single taxpayer's return or ten thousand dollars on a combined return, after reduction for  
 6 all credits thereon, except the credit for payments of federal estimated tax, the credit for the  
 7 overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by 26  
 8 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34.

9 2. (1) Notwithstanding any other provision of law to the contrary, for all tax years  
 10 beginning on or after January 1, 2019, **but on or before December 31, 2025**, an individual  
 11 taxpayer shall be allowed a deduction equal to a percentage of his or her federal income tax  
 12 liability under Chapter 1 of the Internal Revenue Code for the same taxable year for which the  
 13 Missouri return is being filed, not to exceed five thousand dollars on a single taxpayer's return  
 14 or ten thousand dollars on a combined return, after reduction for all credits thereon, except the  
 15 credit for payments of federal estimated tax, the credit for the overpayment of any federal tax,  
 16 and the credits allowed by the Internal Revenue Code by 26 U.S.C. Section 31, 26 U.S.C.  
 17 Section 27, and 26 U.S.C. Section 34. The deduction percentage is determined according to  
 18 the following table:

If the Missouri gross income on the return is:	The deduction percentage is:
\$25,000 or less	35 percent
From \$25,001 to \$50,000	25 percent
From \$50,001 to \$100,000	15 percent
From \$100,001 to \$125,000	5 percent
\$125,001 or more	0 percent

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 26 (2) Notwithstanding any provision of law to the contrary, the amount of any tax  
 27 credits reducing a taxpayer's federal tax liability pursuant to Public Law 116-136 or 116-260,  
 28 enacted by the 116th United States Congress, for the tax year beginning on or after January 1,  
 29 2020, and ending on or before December 31, 2020, and the amount of any tax credits reducing

30 a taxpayer's federal tax liability under any other federal law that provides direct economic  
31 impact payments to taxpayers to mitigate financial challenges related to the COVID-19  
32 pandemic shall not be considered in determining a taxpayer's federal tax liability for the  
33 purposes of subdivision (1) of this subsection.

34       3. For all tax years beginning on or after September 1, 1993, **but on or before**  
35 **December 31, 2025**, a corporate taxpayer shall be allowed a deduction for fifty percent of its  
36 federal income tax liability under Chapter 1 of the Internal Revenue Code for the same  
37 taxable year for which the Missouri return is being filed after reduction for all credits thereon,  
38 except the credit for payments of federal estimated tax, the credit for the overpayment of any  
39 federal tax, and the credits allowed by the Internal Revenue Code by 26 U.S.C. Section 31, 26  
40 U.S.C. Section 27, and 26 U.S.C. Section 34.

41       4. **For all tax years beginning on or before December 31, 2025**, if a federal income  
42 tax liability for a tax year prior to the applicability of sections 143.011 to 143.996 for which  
43 he **or she** was not previously entitled to a Missouri deduction is later paid or accrued, he **or**  
44 **she** may deduct the federal tax in the later year to the extent it would have been deductible if  
45 paid or accrued in the prior year.

46       5. **For all tax years beginning on or after January 1, 2026, there shall be no**  
47 **federal income tax deduction for any individual or corporate taxpayer under this**  
48 **section.**

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