

FIRST REGULAR SESSION

# HOUSE BILL NO. 77

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE LOY.

0959H.02I

DANA RADEMAN MILLER, Chief Clerk

## AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a tax credit for certain educational expenses.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.721, to read as follows:

**135.721. 1. This section shall be known and may be cited as the "Missouri Parental Choice Tax Credit Act".**

**2. As used in this section, the following terms mean:**

**(1) "Department", the Missouri department of revenue;**

**(2) "Eligible education expenses", in a given tax year the following costs a qualified taxpayer incurs for the educational needs of a qualified student who is enrolled in and attends a qualified school:**

**(a) Tuition and fees;**

**(b) Textbooks;**

**(c) Curriculum as defined under section 166.700;**

**(d) Other instructional materials including, but not limited to, computer software, supplemental materials, or associated online instruction;**

**(e) Fees for nationally standardized norm-referenced achievement tests, advanced placement examinations, or any examinations related to college or university admission;**

**(f) Tutoring services;**

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.

17           **(g) Fees for summer education programs and specialized after-school education**  
18 **programs;**

19           **(h) Services provided by a qualified school including, but not limited to,**  
20 **individual classes and extracurricular programs;**

21           **(i) Computer hardware or other technological devices that are used to help meet**  
22 **the qualified student's educational needs; and**

23           **(j) Educational therapies or services from a licensed or accredited practitioner**  
24 **or provider including, but not limited to, licensed or accredited paraprofessionals or**  
25 **educational aides;**

26           **(3) "Public school", any public school in the state of Missouri, as such term is**  
27 **defined under section 160.011, including, but not limited to, a charter school as defined**  
28 **in section 160.400 or a public virtual school as described under section 161.670;**

29           **(4) "Qualified amount", for any qualified taxpayer in a given tax year, an**  
30 **amount equal to one hundred percent of the total eligible education expenses incurred**  
31 **by a qualified taxpayer in a given tax year per qualified student per tax year;**

32           **(5) "Qualified school", a home school as defined in section 167.012, a family**  
33 **paced education school or FPE school as defined under section 167.013, or any of the**  
34 **following entities that is incorporated in Missouri and that does not discriminate on the**  
35 **basis of race, color, or national origin:**

36           **(a) A private school as defined under section 166.700;**

37           **(b) A private virtual school;**

38           **(c) A parochial school; or**

39           **(d) A parish school;**

40           **(6) "Qualified student", any resident individual of this state who:**

41           **(a) Is properly listed as a dependent of the qualified taxpayer on the qualified**  
42 **taxpayer's state income tax return;**

43           **(b) Is the natural or adopted child of the qualified taxpayer or is an individual**  
44 **for whom the qualified taxpayer has been court-appointed as a legal guardian or**  
45 **custodian; and**

46           **(c) Is eligible to enroll in an elementary or secondary public school in this state,**  
47 **but who is enrolled in or attending a qualified school as a full-time student;**

48           **(7) "Qualified taxpayer", any resident individual subject to the state income tax**  
49 **imposed under chapter 143, excluding the withholding tax imposed under sections**  
50 **143.191 to 143.265, who is not a dependent of another individual and is the biological or**  
51 **adoptive parent, legal guardian, custodian, or other person with legal authority to act on**  
52 **behalf of a qualified student;**

53           **(8) "Tax credit", a credit against the tax otherwise due under chapter 143,**  
54 **excluding withholding tax imposed under sections 143.191 to 143.265.**

55           **3. The following costs a qualified taxpayer incurs for the educational needs of a**  
56 **qualified student shall not be deemed eligible education expenses under this section:**

57           **(1) Paper;**

58           **(2) Pens;**

59           **(3) Pencils;**

60           **(4) Markers;**

61           **(5) Erasers;**

62           **(6) Notebooks;**

63           **(7) Other similar consumable education supplies; or**

64           **(8) Costs incurred as a result of a qualified student's participation in academic,**  
65 **athletic, social, or extracurricular activities provided or sponsored by:**

66           **(a) A public school as defined in section 160.011;**

67           **(b) A charter school as defined in section 160.400; or**

68           **(c) A public virtual school as described in section 161.670.**

69           **4. For all tax years beginning on or after January 1, 2026, a qualified taxpayer**  
70 **shall be allowed to claim a tax credit against the qualified taxpayer's state tax liability**  
71 **for a qualified student's eligible education expenses. The amount of each tax credit shall**  
72 **not exceed the lesser of:**

73           **(1) The qualified taxpayer's qualified amount; or**

74           **(2) The state adequacy target, as defined under section 163.011.**

75           **5. If a qualified student was enrolled in a public school for part of a tax year, the**  
76 **amount of the tax credit allowed under this section shall be prorated, based upon that**  
77 **proportion of which the total number of school days the qualified student was enrolled**  
78 **in or attending the qualified school for the tax year the credit is claimed. The**  
79 **department may promulgate rules governing the calculation and proration under this**  
80 **subsection.**

81           **6. A qualified taxpayer may claim a tax credit under this section at the time such**  
82 **qualified taxpayer files a return. The qualified taxpayer shall submit with the qualified**  
83 **taxpayer's return an itemized list of eligible education expenses incurred, identification**  
84 **or other legal documents relating to a qualified student's dependency status, as well as**  
85 **any other information required by the department, on a form to be developed by the**  
86 **department. The qualified taxpayer shall retain all receipts of eligible education**  
87 **expenses as proof of the amounts paid each tax year the credit is claimed and shall**  
88 **submit them to the department upon request.**

89           **7. Qualified taxpayers claiming the credit shall:**

90           **(1) Claim the credit for only eligible education expenses as defined under this**  
91 **section to provide an education for a qualified student;**

92           **(2) Ensure no other person is claiming a credit for the qualified student;**

93           **(3) Not claim the credit for a qualified student who enrolls as a full-time student**  
94 **in a public school as defined under this section; and**

95           **(4) Comply with provisions of this section and the rules and requirements**  
96 **established by the department for the administration of the tax credit.**

97           **8. A qualified taxpayer shall not be eligible to receive a tax credit under this**  
98 **section if such qualified taxpayer is a participant in the Missouri empowerment**  
99 **scholarship accounts program under sections 135.712 to 135.719 and sections 166.700 to**  
100 **166.720 for the same qualified student. Before issuing the tax credit under this section,**  
101 **the department shall verify with the state treasurer that the taxpayer is not a participant**  
102 **in and does not have a pending application for the Missouri empowerment scholarship**  
103 **accounts program for the same qualified student.**

104           **9. No tax credit claimed under this section shall be assigned, transferred, sold, or**  
105 **otherwise conveyed.**

106           **10. (1) Tax credits issued under the provisions of this section shall be refundable.**  
107 **No tax credit claimed under this section shall be carried forward to any subsequent tax**  
108 **year.**

109           **(2) Any refunds issued from this tax credit shall be offset against a qualified**  
110 **taxpayer's outstanding state tax liabilities or certain other debts as described under**  
111 **section 143.611 and sections 143.781 to 143.790.**

112           **(3) The department shall have the authority to conduct an audit or contract for**  
113 **the auditing of receipts for eligible education expenses submitted under this section.**

114           **(4) The department is authorized to recapture the tax credits otherwise**  
115 **authorized under this section on a prorated basis if an audit conducted under the**  
116 **provisions of this section finds that the qualified taxpayer claimed a student who no**  
117 **longer attends a qualified school, has enrolled in a public school on a full-time basis, or**  
118 **for other reasons that would make the qualified taxpayer no longer eligible for the tax**  
119 **credit authorized under this section.**

120           **(5) The department may promulgate rules addressing recapture, reconciliation,**  
121 **clerical errors, and any other provisions necessary to effectuate the program under this**  
122 **section.**

123           **11. Notwithstanding any provision of section 105.1500 to the contrary, any**  
124 **requirement to provide information, documents, or records under this section, and any**  
125 **requirement established by the department to provide information, documents, or**

126 records for the purpose of administering and enforcing this section, shall be exempt  
127 from section 105.1500.

128       **12. The department, in conjunction with the state treasurer, shall promulgate all**  
129 **necessary rules and regulations for the administration of this section including, but not**  
130 **limited to, rules relating to the verification of a taxpayer's qualified amount. Any rule**  
131 **or portion of a rule, as that term is defined in section 536.010, that is created under the**  
132 **authority delegated in this section shall become effective only if it complies with and is**  
133 **subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This**  
134 **section and chapter 536 are nonseverable and if any of the powers vested with the**  
135 **general assembly pursuant to chapter 536 to review, to delay the effective date, or to**  
136 **disapprove and annul a rule are subsequently held unconstitutional, then the grant of**  
137 **rulemaking authority and any rule proposed or adopted after August 28, 2025, shall be**  
138 **invalid and void.**

139       **13. Under section 23.253 of the Missouri sunset act:**

140       **(1) The provisions of the new program authorized under this section shall**  
141 **automatically sunset December thirty-first six years after the effective date of this**  
142 **section unless reauthorized by an act of the general assembly;**

143       **(2) If such program is reauthorized, the program authorized under this section**  
144 **shall automatically sunset December thirty-first twelve years after the effective date of**  
145 **the reauthorization of this section;**

146       **(3) This section shall terminate on September first of the calendar year**  
147 **immediately following the calendar year in which the program authorized under this**  
148 **section is sunset; and**

149       **(4) The provisions of this subsection shall not be construed to limit or in any way**  
150 **impair a qualified taxpayer's ability to redeem tax credits authorized on or before the**  
151 **date the program authorized under this section expires.**

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