

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 163
103RD GENERAL ASSEMBLY

1248H.08C

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal sections 135.010, 135.030, 137.073, 137.115, 143.011, 143.031, 143.121, 143.131, 143.175, and 143.177, RSMo, and to enact in lieu thereof eleven new sections relating to taxation.

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

Section A. Sections 135.010, 135.030, 137.073, 137.115, 143.011, 143.031, 143.121, 143.131, 143.175, and 143.177, RSMo, are repealed and eleven new sections enacted in lieu thereof, to be known as sections 135.010, 135.030, 137.067, 137.073, 137.115, 143.011, 143.031, 143.121, 143.131, 143.175, and 143.512, to read as follows:

135.010. As used in sections 135.010 to 135.030 the following words and terms mean:

(1) "Claimant", a person or persons claiming a credit under sections 135.010 to 135.030. If the persons are eligible to file a joint federal income tax return and reside at the same address at any time during the taxable year, then the credit may only be allowed if claimed on a combined Missouri income tax return or a combined claim return reporting their combined incomes and property taxes. A claimant shall not be allowed a property tax credit unless the claimant or spouse has attained the age of sixty-five on or before the last day of the calendar year and the claimant or spouse was a resident of Missouri for the entire year, or the claimant or spouse is a veteran of any branch of the Armed Forces of the United States or this state who became one hundred percent disabled as a result of such service, or the claimant or spouse is disabled as defined in subdivision (2) of this section, and such claimant or spouse provides proof of such disability in such form and manner, and at such times, as the director of revenue may require, or if the claimant has reached the age of sixty on or before the last

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.

15 day of the calendar year and such claimant received surviving spouse Social Security benefits
16 during the calendar year and the claimant provides proof, as required by the director of
17 revenue, that the claimant received surviving spouse Social Security benefits during the
18 calendar year for which the credit will be claimed. ~~[A claimant shall not be allowed a~~
19 ~~property tax credit if the claimant filed a valid claim for a credit under section 137.106 in the~~
20 ~~year following the year for which the property tax credit is claimed.]~~ The residency
21 requirement shall be deemed to have been fulfilled for the purpose of determining the
22 eligibility of a surviving spouse for a property tax credit if a person of the age of sixty-five
23 years or older who would have otherwise met the requirements for a property tax credit dies
24 before the last day of the calendar year. The residency requirement shall also be deemed to
25 have been fulfilled for the purpose of determining the eligibility of a claimant who would
26 have otherwise met the requirements for a property tax credit but who dies before the last day
27 of the calendar year;

28 (2) "Disabled", the inability to engage in any substantial gainful activity by reason of
29 any medically determinable physical or mental impairment which can be expected to result in
30 death or which has lasted or can be expected to last for a continuous period of not less than
31 twelve months. A claimant shall not be required to be gainfully employed prior to such
32 disability to qualify for a property tax credit;

33 (3) "Gross rent", amount paid by a claimant to a landlord for the rental, at arm's
34 length, of a homestead during the calendar year, exclusive of charges for health and personal
35 care services and food furnished as part of the rental agreement, whether or not expressly set
36 out in the rental agreement. If the director of revenue determines that the landlord and tenant
37 have not dealt at arm's length, and that the gross rent is excessive, then he shall determine the
38 gross rent based upon a reasonable amount of rent. Gross rent shall be deemed to be paid
39 only if actually paid prior to the date a return is filed. The director of revenue may prescribe
40 regulations requiring a return of information by a landlord receiving rent, certifying for a
41 calendar year the amount of gross rent received from a tenant claiming a property tax credit
42 and shall, by regulation, provide a method for certification by the claimant of the amount of
43 gross rent paid for any calendar year for which a claim is made. The regulations authorized
44 by this subdivision may require a landlord or a tenant or both to provide data relating to health
45 and personal care services and to food. Neither a landlord nor a tenant may be required to
46 provide data relating to utilities, furniture, home furnishings or appliances;

47 (4) "Homestead", the dwelling in Missouri owned or rented by the claimant and not to
48 exceed five acres of land surrounding it as is reasonably necessary for use of the dwelling as a
49 home. It may consist of part of a multidwelling or multipurpose building and part of the land
50 upon which it is built. "Owned" includes a vendee in possession under a land contract and
51 one or more tenants by the entireties, joint tenants, or tenants in common and includes a

52 claimant actually in possession if he was the immediate former owner of record, if a lineal
53 descendant is presently the owner of record, and if the claimant actually pays all taxes upon
54 the property. It may include a mobile home;

55 (5) "Income", Missouri adjusted gross income as defined in section 143.121 less two
56 thousand dollars **for all calendar years ending on or before December 31, 2025**, or in the
57 case of a homestead owned and occupied, for the entire year, by the claimant, **for all**
58 **calendar years ending on or before December 31, 2025**, less four thousand dollars as an
59 exemption for the claimant's spouse residing at the same address[-]; **and for all calendar**
60 **years beginning on or after January 1, 2026, less five thousand dollars, or in the case of a**
61 **homestead owned and occupied, for the entire year, by the claimant, less five thousand**
62 **dollars as an exemption for the claimant's spouse residing at the same address;** and
63 increased, where necessary, to reflect the following:

64 (a) Social Security, railroad retirement, and veterans payments and benefits unless the
65 claimant is a one hundred percent service-connected, disabled veteran or a spouse of a one
66 hundred percent service-connected, disabled veteran. The one hundred percent service-
67 connected disabled veteran shall not be required to list veterans payments and benefits;

68 (b) The total amount of all other public and private pensions and annuities;

69 (c) Public relief, public assistance, and unemployment benefits received in cash, other
70 than benefits received under this chapter;

71 (d) No deduction being allowed for losses not incurred in a trade or business;

72 (e) Interest on the obligations of the United States, any state, or any of their
73 subdivisions and instrumentalities;

74 (6) "Property taxes accrued", property taxes paid, exclusive of special assessments,
75 penalties, interest, and charges for service levied on a claimant's homestead in any calendar
76 year. Property taxes shall qualify for the credit only if actually paid prior to the date a return
77 is filed. The director of revenue shall require a tax receipt or other proof of property tax
78 payment. If a homestead is owned only partially by claimant, then "property taxes accrued" is
79 that part of property taxes levied on the homestead which was actually paid by the claimant.
80 For purposes of this subdivision, property taxes are "levied" when the tax roll is delivered to
81 the director of revenue for collection. If a claimant owns a homestead part of the preceding
82 calendar year and rents it or a different homestead for part of the same year, "property taxes
83 accrued" means only taxes levied on the homestead both owned and occupied by the
84 claimant, multiplied by the percentage of twelve months that such property was owned and
85 occupied as the homestead of the claimant during the year. When a claimant owns and
86 occupies two or more different homesteads in the same calendar year, property taxes accrued
87 shall be the sum of taxes allocable to those several properties occupied by the claimant as a
88 homestead for the year. If a homestead is an integral part of a larger unit such as a farm, or

89 multipurpose or multidwelling building, property taxes accrued shall be that percentage of the
 90 total property taxes accrued as the value of the homestead is of the total value. For purposes
 91 of this subdivision "unit" refers to the parcel of property covered by a single tax statement of
 92 which the homestead is a part;

93 (7) "Rent constituting property taxes accrued", twenty percent of the gross rent paid
 94 by a claimant and spouse in the calendar year.

135.030. 1. As used in this section:

2 (1) The term "maximum upper limit" shall, for each calendar year after December 31,
 3 1997, but before calendar year 2008, be the sum of twenty-five thousand dollars. For all
 4 calendar years beginning on or after January 1, 2008, **but ending on or before December 31,**
 5 **2025,** the maximum upper limit shall be the sum of twenty-seven thousand five hundred
 6 dollars. In the case of a homestead owned and occupied for the entire year by the claimant,
 7 **for all calendar years ending on or before December 31, 2025,** the maximum upper limit
 8 shall be the sum of thirty thousand dollars. **For all calendar years beginning on or after**
 9 **January 1, 2026, the maximum upper limit shall be the sum of thirty-two thousand five**
 10 **hundred dollars, and in the case of a homestead owned and occupied for the entire year**
 11 **by the claimant, the maximum upper limit shall be the sum of forty thousand dollars;**

12 (2) The term "minimum base" shall, for each calendar year after December 31, 1997,
 13 but before calendar year 2008, be the sum of thirteen thousand dollars. For all calendar years
 14 beginning on or after January 1, 2008, the minimum base shall be the sum of fourteen
 15 thousand three hundred dollars.

16 2. (1) If the income on a return is equal to or less than the maximum upper limit for
 17 the calendar year for which the return is filed, the property tax credit shall be determined from
 18 a table of credits based upon the amount by which the total property tax described in section
 19 135.025 exceeds the percent of income in the following list:

If the income on the return is:	The percent is:
Not over the minimum base	0 percent with credit not to exceed \$1,100 in actual property tax or rent equivalent paid up to \$750
Over the minimum base but not over the maximum upper limit	1/16 percent accumulative per \$300 from 0 percent to 4 percent.

26 (2) The director of revenue shall prescribe a table based upon ~~[the preceding~~
 27 ~~sentences]~~ **subdivision (1) of this subsection.** The property tax shall be in increments of
 28 twenty-five dollars and the income in increments of three hundred dollars. The credit shall be
 29 the amount rounded to the nearest whole dollar computed on the basis of the property tax and
 30 income at the midpoints of each increment. As used in this subsection, the term

31 "accumulative" means an increase by continuous or repeated application of the percent to the
 32 income increment at each three hundred dollar level.

33 3. (1) For all calendar years beginning on or after January 1, 2026, if the income
 34 on a return is equal to or less than the maximum upper limit for the calendar year for
 35 which the return is filed, the property tax credit shall be determined from a table of
 36 credits based upon the amount by which the total property tax described in section
 37 135.025 exceeds the percent of income in the following list:

If the income on the return is:	The percent is:
Not over the minimum base	0 percent with credit not to exceed \$1,100 in actual property tax or rent equivalent paid up to \$750.
Over the minimum base but not over the maximum upper limit	1/16 percent accumulative per \$495 from 0 percent to 2 percent.

46 (2) The director of revenue shall prescribe a table based upon subdivision (1) of
 47 this subsection. The property tax shall be in increments of twenty-five dollars and the
 48 income in increments of four hundred ninety-five dollars. The credit shall be the
 49 amount rounded to the nearest whole dollar computed on the basis of the property tax
 50 and income at the midpoints of each increment. As used in this subsection, the term
 51 "accumulative" means an increase by continuous or repeated application of the percent
 52 to the income increment at each four-hundred-ninety-five-dollar level.

53 4. Notwithstanding subsection 4 of section 32.057, the department of revenue or any
 54 duly authorized employee or agent shall determine whether any taxpayer filing a report or
 55 return with the department of revenue who has not applied for the credit allowed pursuant to
 56 section 135.020 may qualify for the credit, and shall notify any qualified claimant of the
 57 claimant's potential eligibility, where the department determines such potential eligibility
 58 exists.

2 137.067. Notwithstanding any other provision of law to the contrary, any ballot
 3 measure seeking approval to add, change, or modify a tax on real property shall express
 4 the effect of the proposed change within the ballot language in terms of the change in
 5 real dollars owed per one hundred thousand dollars of a property's market valuation.

137.073. 1. As used in this section, the following terms mean:

2 (1) "General reassessment", changes in value, entered in the assessor's books, of a
 3 substantial portion of the parcels of real property within a county resulting wholly or partly

4 from reappraisal of value or other actions of the assessor or county equalization body or
5 ordered by the state tax commission or any court;

6 (2) "Tax rate", "rate", or "rate of levy", singular or plural, includes the tax rate for
7 each purpose of taxation of property a taxing authority is authorized to levy without a vote
8 and any tax rate authorized by election, including bond interest and sinking fund;

9 (3) "Tax rate ceiling", a tax rate as revised by the taxing authority to comply with the
10 provisions of this section or when a court has determined the tax rate; except that, other
11 provisions of law to the contrary notwithstanding, a school district may levy the operating
12 levy for school purposes required for the current year pursuant to subsection 2 of section
13 163.021, less all adjustments required pursuant to Article X, Section 22 of the Missouri
14 Constitution, if such tax rate does not exceed the highest tax rate in effect subsequent to the
15 1980 tax year. This is the maximum tax rate that may be levied, unless a higher tax rate
16 ceiling is approved by voters of the political subdivision as provided in this section;

17 (4) "Tax revenue", when referring to the previous year, means the actual receipts from
18 ad valorem levies on all classes of property, including state-assessed property, in the
19 immediately preceding fiscal year of the political subdivision, plus an allowance for taxes
20 billed but not collected in the fiscal year and plus an additional allowance for the revenue
21 which would have been collected from property which was annexed by such political
22 subdivision but which was not previously used in determining tax revenue pursuant to this
23 section. The term "tax revenue" shall not include any receipts from ad valorem levies on any
24 property of a railroad corporation or a public utility, as these terms are defined in section
25 386.020, which were assessed by the assessor of a county or city in the previous year but are
26 assessed by the state tax commission in the current year. All school districts and those
27 counties levying sales taxes pursuant to chapter 67 shall include in the calculation of tax
28 revenue an amount equivalent to that by which they reduced property tax levies as a result of
29 sales tax pursuant to section 67.505 and section 164.013 ~~[or as excess home dock city or~~
30 ~~county fees as provided in subsection 4 of section 313.820]~~ in the immediately preceding
31 fiscal year but not including any amount calculated to adjust for prior years. For purposes of
32 political subdivisions which were authorized to levy a tax in the prior year but which did not
33 levy such tax or levied a reduced rate, the term "tax revenue", as used in relation to the
34 revision of tax levies mandated by law, shall mean the revenues equal to the amount that
35 would have been available if the voluntary rate reduction had not been made.

36 2. (1) Whenever changes in assessed valuation are entered in the assessor's books for
37 any personal property, in the aggregate, or for any subclass of real property as such subclasses
38 are established in Section 4(b) of Article X of the Missouri Constitution and defined in
39 section 137.016, the county clerk in all counties and the assessor of St. Louis City shall notify
40 each political subdivision wholly or partially within the county or St. Louis City of the change

41 in valuation of each subclass of real property, individually, and personal property, in the
42 aggregate, exclusive of new construction and improvements. All political subdivisions shall
43 immediately revise the applicable rates of levy for each purpose for each subclass of real
44 property, individually, and personal property, in the aggregate, for which taxes are levied to
45 the extent necessary to produce from all taxable property, exclusive of new construction and
46 improvements, substantially the same amount of tax revenue as was produced in the previous
47 year for each subclass of real property, individually, and personal property, in the aggregate,
48 except that the rate shall not exceed the greater of the most recent voter-approved rate or the
49 most recent voter-approved rate as adjusted under subdivision (2) of subsection 5 of this
50 section.

51 **(2)** Any political subdivision that has received approval from voters for a tax increase
52 after August 27, 2008, may levy a rate to collect substantially the same amount of tax revenue
53 as the amount of revenue that would have been derived by applying the voter-approved
54 increased tax rate ceiling to the total assessed valuation of the political subdivision as most
55 recently certified by the city or county clerk on or before the date of the election in which
56 such increase is approved, increased by the percentage increase in the consumer price index,
57 as provided by law, except that the rate shall not exceed the greater of the most recent voter-
58 approved rate or the most recent voter-approved rate as adjusted under subdivision (2) of
59 subsection 5 of this section. Such tax revenue shall not include any receipts from ad valorem
60 levies on any real property which was assessed by the assessor of a county or city in such
61 previous year but is assessed by the assessor of a county or city in the current year in a
62 different subclass of real property.

63 **(3)** Where the taxing authority is a school district for the purposes of revising the
64 applicable rates of levy for each subclass of real property, the tax revenues from state-
65 assessed railroad and utility property shall be apportioned and attributed to each subclass of
66 real property based on the percentage of the total assessed valuation of the county that each
67 subclass of real property represents in the current ~~[taxable]~~ tax year.

68 **(4)** As provided in Section 22 of Article X of the constitution, a political subdivision
69 may also revise each levy to allow for inflationary assessment growth occurring within the
70 political subdivision. The inflationary growth factor for any such subclass of real property or
71 personal property shall be limited to the actual assessment growth in such subclass or class,
72 exclusive of new construction and improvements, and exclusive of the assessed value on any
73 real property which was assessed by the assessor of a county or city in the current year in a
74 different subclass of real property, but not to exceed the ~~[consumer price index or five~~
75 ~~percent, whichever is lower]~~ lesser of:

76 **(a) The consumer price index; or**

77 **(b) The following percentage:**

78 **a. For revisions under this subsection occurring before January 1, 2026, five**
79 **percent; or**

80 **b. For revisions under this subsection occurring on or after January 1, 2026,**
81 **three percent.**

82 **(5)** Should the tax revenue of a political subdivision from the various tax rates
83 determined in this subsection be different than the tax revenue that would have been
84 determined from a single tax rate as calculated pursuant to the method of calculation in this
85 subsection prior to January 1, 2003, then the political subdivision shall revise the tax rates of
86 those subclasses of real property, individually, and/or personal property, in the aggregate, in
87 which there is a tax rate reduction, pursuant to the provisions of this subsection. Such
88 revision shall yield an amount equal to such difference and shall be apportioned among such
89 subclasses of real property, individually, and/or personal property, in the aggregate, based on
90 the relative assessed valuation of the class or subclasses of property experiencing a tax rate
91 reduction. Such revision in the tax rates of each class or subclass shall be made by computing
92 the percentage of current year adjusted assessed valuation of each class or subclass with a tax
93 rate reduction to the total current year adjusted assessed valuation of the class or subclasses
94 with a tax rate reduction, multiplying the resulting percentages by the revenue difference
95 between the single rate calculation and the calculations pursuant to this subsection and
96 dividing by the respective adjusted current year assessed valuation of each class or subclass to
97 determine the adjustment to the rate to be levied upon each class or subclass of property. The
98 adjustment computed herein shall be multiplied by one hundred, rounded to four decimals in
99 the manner provided in this subsection, and added to the initial rate computed for each class
100 or subclass of property.

101 **(6)** For school districts that levy separate tax rates on each subclass of real property
102 and personal property in the aggregate, if voters approved a ballot before January 1, 2011, that
103 presented separate stated tax rates to be applied to the different subclasses of real property and
104 personal property in the aggregate, or increases the separate rates that may be levied on the
105 different subclasses of real property and personal property in the aggregate by different
106 amounts, the tax rate that shall be used for the single tax rate calculation shall be a blended
107 rate, calculated in the manner provided under subdivision (1) of subsection 6 of this section.

108 **(7)** Notwithstanding any provision of this subsection to the contrary, no revision to
109 the rate of levy for personal property shall cause such levy to increase over the levy for
110 personal property from the prior year.

111 **3. (1)** Where the taxing authority is a school district, it shall be required to revise the
112 rates of levy to the extent necessary to produce from all taxable property, including state-
113 assessed railroad and utility property, which shall be separately estimated in addition to other
114 data required in complying with section 164.011, substantially the amount of tax revenue

permitted in this section. In the year following tax rate reduction, the tax rate ceiling may be adjusted to offset such district's reduction in the apportionment of state school moneys due to its reduced tax rate. However, in the event any school district, in calculating a tax rate ceiling pursuant to this section, requiring the estimating of effects of state-assessed railroad and utility valuation or loss of state aid, discovers that the estimates used result in receipt of excess revenues, which would have required a lower rate if the actual information had been known, the school district shall reduce the tax rate ceiling in the following year to compensate for the excess receipts, and the recalculated rate shall become the tax rate ceiling for purposes of this section.

(2) For any political subdivision which experiences a reduction in the amount of assessed valuation relating to a prior year, due to decisions of the state tax commission or a court pursuant to sections 138.430 to 138.433, or due to clerical errors or corrections in the calculation or recordation of any assessed valuation:

(a) Such political subdivision may revise the tax rate ceiling for each purpose it levies taxes to compensate for the reduction in assessed value occurring after the political subdivision calculated the tax rate ceiling for the particular subclass of real property or for personal property, in the aggregate, in a prior year. Such revision by the political subdivision shall be made at the time of the next calculation of the tax rate for the particular subclass of real property or for personal property, in the aggregate, after the reduction in assessed valuation has been determined and shall be calculated in a manner that results in the revised tax rate ceiling being the same as it would have been had the corrected or finalized assessment been available at the time of the prior calculation;

(b) In addition, for up to three years following the determination of the reduction in assessed valuation as a result of circumstances defined in this subdivision, such political subdivision may levy a tax rate for each purpose it levies taxes above the revised tax rate ceiling provided in paragraph (a) of this subdivision to recoup any revenues it was entitled to receive had the corrected or finalized assessment been available at the time of the prior calculation.

4. (1) In order to implement the provisions of this section and Section 22 of Article X of the Constitution of Missouri, the term improvements shall apply to both real and personal property. In order to determine the value of new construction and improvements, each county assessor shall maintain a record of real property valuations in such a manner as to identify each year the increase in valuation for each political subdivision in the county as a result of new construction and improvements. The value of new construction and improvements shall include the additional assessed value of all improvements or additions to real property which were begun after and were not part of the prior year's assessment, except that the additional assessed value of all improvements or additions to real property which had been totally or

152 partially exempt from ad valorem taxes pursuant to sections 99.800 to 99.865, sections
153 135.200 to 135.255, and section 353.110 shall be included in the value of new construction
154 and improvements when the property becomes totally or partially subject to assessment and
155 payment of all ad valorem taxes. The aggregate increase in valuation of personal property for
156 the current year over that of the previous year is the equivalent of the new construction and
157 improvements factor for personal property. **Beginning January 1, 2027, any increase in the**
158 **aggregate valuation of personal property for the current year over that of the previous**
159 **year shall not be counted as new construction.** Notwithstanding any opt-out implemented
160 pursuant to subsection 14 of section 137.115, the assessor shall certify the amount of new
161 construction and improvements and the amount of assessed value on any real property which
162 was assessed by the assessor of a county or city in such previous year but is assessed by the
163 assessor of a county or city in the current year in a different subclass of real property
164 separately for each of the three subclasses of real property for each political subdivision to the
165 county clerk in order that political subdivisions shall have this information for the purpose of
166 calculating tax rates pursuant to this section and Section 22, Article X, Constitution of
167 Missouri. In addition, the state tax commission shall certify each year to each county clerk
168 the increase in the general price level as measured by the Consumer Price Index for All Urban
169 Consumers for the United States, or its successor publications, as defined and officially
170 reported by the United States Department of Labor, or its successor agency. The state tax
171 commission shall certify the increase in such index on the latest twelve-month basis available
172 on February first of each year over the immediately preceding prior twelve-month period in
173 order that political subdivisions shall have this information available in setting their tax rates
174 according to law and Section 22 of Article X of the Constitution of Missouri. For purposes of
175 implementing the provisions of this section and Section 22 of Article X of the Missouri
176 Constitution, the term "property" means all taxable property, including state-assessed
177 property.

178 (2) Each political subdivision required to revise rates of levy pursuant to this section
179 or Section 22 of Article X of the Constitution of Missouri shall calculate each tax rate it is
180 authorized to levy and, in establishing each tax rate, shall consider each provision for tax rate
181 revision provided in this section and Section 22 of Article X of the Constitution of Missouri,
182 separately and without regard to annual tax rate reductions provided in section 67.505 and
183 section 164.013. Each political subdivision shall set each tax rate it is authorized to levy
184 using the calculation that produces the lowest tax rate ceiling. It is further the intent of the
185 general assembly, pursuant to the authority of Section 10(c) of Article X of the Constitution
186 of Missouri, that the provisions of such section be applicable to tax rate revisions mandated
187 pursuant to Section 22 of Article X of the Constitution of Missouri as to reestablishing tax
188 rates as revised in subsequent years, enforcement provisions, and other provisions not in

189 conflict with Section 22 of Article X of the Constitution of Missouri. Annual tax rate
190 reductions provided in section 67.505 and section 164.013 shall be applied to the tax rate as
191 established pursuant to this section and Section 22 of Article X of the Constitution of
192 Missouri, unless otherwise provided by law.

193 5. (1) In all political subdivisions, the tax rate ceiling established pursuant to this
194 section shall not be increased unless approved by a vote of the people. Approval of the higher
195 tax rate shall be by at least a majority of votes cast. When a proposed higher tax rate requires
196 approval by more than a simple majority pursuant to any provision of law or the constitution,
197 the tax rate increase must receive approval by at least the majority required.

198 (2) When voters approve an increase in the tax rate, the amount of the increase shall
199 be added to the tax rate ceiling as calculated pursuant to this section to the extent the total rate
200 does not exceed any maximum rate prescribed by law. If a ballot question presents a stated
201 tax rate for approval rather than describing the amount of increase in the question, the stated
202 tax rate approved shall be adjusted as provided in this section and, so adjusted, shall be the
203 current tax rate ceiling. The increased tax rate ceiling as approved shall be adjusted such that
204 when applied to the current total assessed valuation of the political subdivision, excluding
205 new construction and improvements since the date of the election approving such increase,
206 the revenue derived from the adjusted tax rate ceiling is equal to the sum of: the amount of
207 revenue which would have been derived by applying the voter-approved increased tax rate
208 ceiling to total assessed valuation of the political subdivision, as most recently certified by the
209 city or county clerk on or before the date of the election in which such increase is approved,
210 increased by the percentage increase in the consumer price index, as provided by law. Such
211 adjusted tax rate ceiling may be applied to the total assessed valuation of the political
212 subdivision at the setting of the next tax rate. If a ballot question presents a phased-in tax rate
213 increase, upon voter approval, each tax rate increase shall be adjusted in the manner
214 prescribed in this section to yield the sum of: the amount of revenue that would be derived by
215 applying such voter-approved increased rate to the total assessed valuation, as most recently
216 certified by the city or county clerk on or before the date of the election in which such
217 increase was approved, increased by the percentage increase in the consumer price index, as
218 provided by law, from the date of the election to the time of such increase and, so adjusted,
219 shall be the current tax rate ceiling.

220 (3) The governing body of any political subdivision may levy a tax rate lower than its
221 tax rate ceiling and may, in a nonreassessment year, increase that lowered tax rate to a level
222 not exceeding the tax rate ceiling without voter approval in the manner provided under
223 subdivision (4) of this subsection. Nothing in this section shall be construed as prohibiting a
224 political subdivision from voluntarily levying a tax rate lower than that which is required

225 under the provisions of this section or from seeking voter approval of a reduction to such
226 political subdivision's tax rate ceiling.

227 (4) In a year of general reassessment, a governing body whose tax rate is lower than
228 its tax rate ceiling shall revise its tax rate pursuant to the provisions of subsection 4 of this
229 section as if its tax rate was at the tax rate ceiling. In a year following general reassessment, if
230 such governing body intends to increase its tax rate, the governing body shall conduct a
231 public hearing, and in a public meeting it shall adopt an ordinance, resolution, or policy
232 statement justifying its action prior to setting and certifying its tax rate. The provisions of this
233 subdivision shall not apply to any political subdivision which levies a tax rate lower than its
234 tax rate ceiling solely due to a reduction required by law resulting from sales tax collections.
235 The provisions of this subdivision shall not apply to any political subdivision which has
236 received voter approval for an increase to its tax rate ceiling subsequent to setting its most
237 recent tax rate.

238 6. (1) For the purposes of calculating state aid for public schools pursuant to section
239 163.031, each taxing authority which is a school district shall determine its proposed tax rate
240 as a blended rate of the classes or subclasses of property. Such blended rate shall be
241 calculated by first determining the total tax revenue of the property within the jurisdiction of
242 the taxing authority, which amount shall be equal to the sum of the products of multiplying
243 the assessed valuation of each class and subclass of property by the corresponding tax rate for
244 such class or subclass, then dividing the total tax revenue by the total assessed valuation of
245 the same jurisdiction, and then multiplying the resulting quotient by a factor of one hundred.
246 Where the taxing authority is a school district, such blended rate shall also be used by such
247 school district for calculating revenue from state-assessed railroad and utility property as
248 defined in chapter 151 and for apportioning the tax rate by purpose.

249 (2) Each taxing authority proposing to levy a tax rate in any year shall notify the clerk
250 of the county commission in the county or counties where the tax rate applies of its tax rate
251 ceiling and its proposed tax rate. Each taxing authority shall express its proposed tax rate in a
252 fraction equal to the nearest one-tenth of a cent, unless its proposed tax rate is in excess of one
253 dollar, then one/one-hundredth of a cent. If a taxing authority shall round to one/one-
254 hundredth of a cent, it shall round up a fraction greater than or equal to five/one-thousandth of
255 one cent to the next higher one/one-hundredth of a cent; if a taxing authority shall round to
256 one-tenth of a cent, it shall round up a fraction greater than or equal to five/one-hundredths of
257 a cent to the next higher one-tenth of a cent. Any taxing authority levying a property tax rate
258 shall provide data, in such form as shall be prescribed by the state auditor by rule,
259 substantiating such tax rate complies with Missouri law. All forms for the calculation of rates
260 pursuant to this section shall be promulgated as a rule and shall not be incorporated by
261 reference. The state auditor shall promulgate rules for any and all forms for the calculation of

rates pursuant to this section which do not currently exist in rule form or that have been incorporated by reference. In addition, each taxing authority proposing to levy a tax rate for debt service shall provide data, in such form as shall be prescribed by the state auditor by rule, substantiating the tax rate for debt service complies with Missouri law. A tax rate proposed for annual debt service requirements will be prima facie valid if, after making the payment for which the tax was levied, bonds remain outstanding and the debt fund reserves do not exceed the following year's payments. The county clerk shall keep on file and available for public inspection all such information for a period of three years. The clerk shall, within three days of receipt, forward a copy of the notice of a taxing authority's tax rate ceiling and proposed tax rate and any substantiating data to the state auditor. The state auditor shall, within fifteen days of the date of receipt, examine such information and return to the county clerk his or her findings as to compliance of the tax rate ceiling with this section and as to compliance of any proposed tax rate for debt service with Missouri law. If the state auditor believes that a taxing authority's proposed tax rate does not comply with Missouri law, then the state auditor's findings shall include a recalculated tax rate, and the state auditor may request a taxing authority to submit documentation supporting such taxing authority's proposed tax rate. The county clerk shall immediately forward a copy of the auditor's findings to the taxing authority and shall file a copy of the findings with the information received from the taxing authority. The taxing authority shall have fifteen days from the date of receipt from the county clerk of the state auditor's findings and any request for supporting documentation to accept or reject in writing the rate change certified by the state auditor and to submit all requested information to the state auditor. A copy of the taxing authority's acceptance or rejection and any information submitted to the state auditor shall also be mailed to the county clerk. If a taxing authority rejects a rate change certified by the state auditor and the state auditor does not receive supporting information which justifies the taxing authority's original or any subsequent proposed tax rate, then the state auditor shall refer the perceived violations of such taxing authority to the attorney general's office and the attorney general is authorized to obtain injunctive relief to prevent the taxing authority from levying a violative tax rate.

(3) In the event that the taxing authority incorrectly completes the forms created and promulgated under subdivision (2) of this subsection, or makes a clerical error, the taxing authority may submit amended forms with an explanation for the needed changes. If such amended forms are filed under regulations prescribed by the state auditor, the state auditor shall take into consideration such amended forms for the purposes of this subsection.

7. No tax rate shall be extended on the tax rolls by the county clerk unless the political subdivision has complied with the foregoing provisions of this section.

8. Whenever a taxpayer has cause to believe that a taxing authority has not complied with the provisions of this section, the taxpayer may make a formal complaint with the

299 prosecuting attorney of the county. Where the prosecuting attorney fails to bring an action
300 within ten days of the filing of the complaint, the taxpayer may bring a civil action pursuant to
301 this section and institute an action as representative of a class of all taxpayers within a taxing
302 authority if the class is so numerous that joinder of all members is impracticable, if there are
303 questions of law or fact common to the class, if the claims or defenses of the representative
304 parties are typical of the claims or defenses of the class, and if the representative parties will
305 fairly and adequately protect the interests of the class. In any class action maintained
306 pursuant to this section, the court may direct to the members of the class a notice to be
307 published at least once each week for four consecutive weeks in a newspaper of general
308 circulation published in the county where the civil action is commenced and in other counties
309 within the jurisdiction of a taxing authority. The notice shall advise each member that the
310 court will exclude him or her from the class if he or she so requests by a specified date, that
311 the judgment, whether favorable or not, will include all members who do not request
312 exclusion, and that any member who does not request exclusion may, if he or she desires,
313 enter an appearance. In any class action brought pursuant to this section, the court, in
314 addition to the relief requested, shall assess against the taxing authority found to be in
315 violation of this section the reasonable costs of bringing the action, including reasonable
316 attorney's fees, provided no attorney's fees shall be awarded any attorney or association of
317 attorneys who receive public funds from any source for their services. Any action brought
318 pursuant to this section shall be set for hearing as soon as practicable after the cause is at
319 issue.

320 9. If in any action, including a class action, the court issues an order requiring a taxing
321 authority to revise the tax rates as provided in this section or enjoins a taxing authority from
322 the collection of a tax because of its failure to revise the rate of levy as provided in this
323 section, any taxpayer paying his or her taxes when an improper rate is applied has erroneously
324 paid his or her taxes in part, whether or not the taxes are paid under protest as provided in
325 section 139.031 or otherwise contested. The part of the taxes paid erroneously is the
326 difference in the amount produced by the original levy and the amount produced by the
327 revised levy. The township or county collector of taxes or the collector of taxes in any city
328 shall refund the amount of the tax erroneously paid. The taxing authority refusing to revise
329 the rate of levy as provided in this section shall make available to the collector all funds
330 necessary to make refunds pursuant to this subsection. No taxpayer shall receive any interest
331 on any money erroneously paid by him or her pursuant to this subsection. Effective in the
332 1994 tax year, nothing in this section shall be construed to require a taxing authority to refund
333 any tax erroneously paid prior to or during the third tax year preceding the current tax year.

334 10. Any rule or portion of a rule, as that term is defined in section 536.010, that is
335 created under the authority delegated in this section shall become effective only if it complies

336 with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.
337 This section and chapter 536 are nonseverable and if any of the powers vested with the
338 general assembly pursuant to chapter 536 to review, to delay the effective date, or to
339 disapprove and annul a rule are subsequently held unconstitutional, then the grant of
340 rulemaking authority and any rule proposed or adopted after August 28, 2004, shall be invalid
341 and void.

137.115. 1. All other laws to the contrary notwithstanding, the assessor or the
2 assessor's deputies in all counties of this state including the City of St. Louis shall annually
3 make a list of all real and tangible personal property taxable in the assessor's city, county,
4 town or district. Except as otherwise provided in subsection 3 of this section and section
5 137.078, **for all calendar years ending on or before December 31, 2025**, the assessor shall
6 annually assess all personal property at thirty-three and one-third percent of its true value in
7 money as of January first of each calendar year. **Except as otherwise provided in**
8 **subsection 3 of this section and section 137.078, for all calendar years beginning on or**
9 **after January 1, 2026, the assessor shall annually assess all personal property at thirty-**
10 **two percent of its true value in money as of January first of each calendar year.** The
11 assessor shall annually assess all real property, including any new construction and
12 improvements to real property, and possessory interests in real property at the percent of its
13 true value in money set in subsection 5 of this section. The true value in money of any
14 possessory interest in real property in subclass (3), where such real property is on or lies
15 within the ultimate airport boundary as shown by a federal airport layout plan, as defined by
16 14 CFR 151.5, of a commercial airport having a FAR Part 139 certification and owned by a
17 political subdivision, shall be the otherwise applicable true value in money of any such
18 possessory interest in real property, less the total dollar amount of costs paid by a party, other
19 than the political subdivision, towards any new construction or improvements on such real
20 property completed after January 1, 2008, and which are included in the above-mentioned
21 possessory interest, regardless of the year in which such costs were incurred or whether such
22 costs were considered in any prior year. The assessor shall annually assess all real property in
23 the following manner: new assessed values shall be determined as of January first of each
24 odd-numbered year and shall be entered in the assessor's books; those same assessed values
25 shall apply in the following even-numbered year, except for new construction and property
26 improvements which shall be valued as though they had been completed as of January first of
27 the preceding odd-numbered year. The assessor may call at the office, place of doing
28 business, or residence of each person required by this chapter to list property, and require the
29 person to make a correct statement of all taxable tangible personal property owned by the
30 person or under his or her care, charge or management, taxable in the county. On or before
31 January first of each even-numbered year, the assessor shall prepare and submit a two-year

32 assessment maintenance plan to the county governing body and the state tax commission for
33 their respective approval or modification. The county governing body shall approve and
34 forward such plan or its alternative to the plan to the state tax commission by February first.
35 If the county governing body fails to forward the plan or its alternative to the plan to the state
36 tax commission by February first, the assessor's plan shall be considered approved by the
37 county governing body. If the state tax commission fails to approve a plan and if the state tax
38 commission and the assessor and the governing body of the county involved are unable to
39 resolve the differences, in order to receive state cost-share funds outlined in section 137.750,
40 the county or the assessor shall petition the administrative hearing commission, by May first,
41 to decide all matters in dispute regarding the assessment maintenance plan. Upon agreement
42 of the parties, the matter may be stayed while the parties proceed with mediation or
43 arbitration upon terms agreed to by the parties. The final decision of the administrative
44 hearing commission shall be subject to judicial review in the circuit court of the county
45 involved. In the event a valuation of subclass (1) real property within any county with a
46 charter form of government, or within a city not within a county, is made by a computer,
47 computer-assisted method or a computer program, the burden of proof, supported by clear,
48 convincing and cogent evidence to sustain such valuation, shall be on the assessor at any
49 hearing or appeal. In any such county, unless the assessor proves otherwise, there shall be a
50 presumption that the assessment was made by a computer, computer-assisted method or a
51 computer program. Such evidence shall include, but shall not be limited to, the following:

52 (1) The findings of the assessor based on an appraisal of the property by generally
53 accepted appraisal techniques; and

54 (2) The purchase prices from sales of at least three comparable properties and the
55 address or location thereof. As used in this subdivision, the word "comparable" means that:

56 (a) Such sale was closed at a date relevant to the property valuation; and

57 (b) Such properties are not more than one mile from the site of the disputed property,
58 except where no similar properties exist within one mile of the disputed property, the nearest
59 comparable property shall be used. Such property shall be within five hundred square feet in
60 size of the disputed property, and resemble the disputed property in age, floor plan, number of
61 rooms, and other relevant characteristics.

62 2. Assessors in each county of this state and the City of St. Louis may send personal
63 property assessment forms through the mail.

64 3. The following items of personal property shall each constitute separate subclasses
65 of tangible personal property and shall be assessed and valued for the purposes of taxation at
66 the following percentages of their true value in money:

67 (1) Grain and other agricultural crops in an unmanufactured condition, one-half of
68 one percent;

69 (2) Livestock, twelve percent;
70 (3) Farm machinery, twelve percent;
71 (4) Motor vehicles which are eligible for registration as and are registered as historic
72 motor vehicles pursuant to section 301.131 and aircraft which are at least twenty-five years
73 old and which are used solely for noncommercial purposes and are operated less than two
74 hundred hours per year or aircraft that are home built from a kit, five percent;
75 (5) Poultry, twelve percent; and
76 (6) Tools and equipment used for pollution control and tools and equipment used in
77 retooling for the purpose of introducing new product lines or used for making improvements
78 to existing products by any company which is located in a state enterprise zone and which is
79 identified by any standard industrial classification number cited in subdivision (7) of section
80 135.200, twenty-five percent.

81 4. The person listing the property shall enter a true and correct statement of the
82 property, in a printed blank prepared for that purpose. The statement, after being filled out,
83 shall be signed and either affirmed or sworn to as provided in section 137.155. The list shall
84 then be delivered to the assessor.

85 5. (1) All subclasses of real property, as such subclasses are established in Section 4
86 (b) of Article X of the Missouri Constitution and defined in section 137.016, shall be assessed
87 at the following percentages of true value:
88 (a) For real property in subclass (1), nineteen percent;
89 (b) For real property in subclass (2), twelve percent; and
90 (c) For real property in subclass (3), thirty-two percent.

91 (2) A taxpayer may apply to the county assessor, or, if not located within a county,
92 then the assessor of such city, for the reclassification of such taxpayer's real property if the use
93 or purpose of such real property is changed after such property is assessed under the
94 provisions of this chapter. If the assessor determines that such property shall be reclassified,
95 he or she shall determine the assessment under this subsection based on the percentage of the
96 tax year that such property was classified in each subclassification.

97 6. Manufactured homes, as defined in section 700.010, which are actually used as
98 dwelling units shall be assessed at the same percentage of true value as residential real
99 property for the purpose of taxation. The percentage of assessment of true value for such
100 manufactured homes shall be the same as for residential real property. If the county collector
101 cannot identify or find the manufactured home when attempting to attach the manufactured
102 home for payment of taxes owed by the manufactured home owner, the county collector may
103 request the county commission to have the manufactured home removed from the tax books,
104 and such request shall be granted within thirty days after the request is made; however, the
105 removal from the tax books does not remove the tax lien on the manufactured home if it is

106 later identified or found. For purposes of this section, a manufactured home located in a
107 manufactured home rental park, rental community or on real estate not owned by the
108 manufactured home owner shall be considered personal property. For purposes of this
109 section, a manufactured home located on real estate owned by the manufactured home owner
110 may be considered real property.

111 7. Each manufactured home assessed shall be considered a parcel for the purpose of
112 reimbursement pursuant to section 137.750, unless the manufactured home is deemed to be
113 real estate as defined in subsection 7 of section 442.015 and assessed as a realty improvement
114 to the existing real estate parcel.

115 8. Any amount of tax due and owing based on the assessment of a manufactured
116 home shall be included on the personal property tax statement of the manufactured home
117 owner unless the manufactured home is deemed to be real estate as defined in subsection 7 of
118 section 442.015, in which case the amount of tax due and owing on the assessment of the
119 manufactured home as a realty improvement to the existing real estate parcel shall be
120 included on the real property tax statement of the real estate owner.

121 9. The assessor of each county and each city not within a county shall use ~~[the trade-~~
122 ~~in value published in the October issue of]~~ **a nationally recognized automotive trade**
123 **publication such as** the National Automobile Dealers' Association Official Used Car Guide,
124 ~~[or its successor publication]~~ **Kelley Blue Book, Edmunds, or other similar publication** as
125 the recommended guide of information for determining the true value of motor vehicles
126 described in such publication. **The state tax commission shall determine which**
127 **publication shall be used. The assessor of each county and each city not within a**
128 **county shall use the trade-in value published in the current or any of the three**
129 **immediately previous years' October issue of the publication selected by the state tax**
130 **commission.** The assessor shall not use a value that is greater than the average trade-in value
131 in determining the true value of the motor vehicle without performing a physical inspection of
132 the motor vehicle. For vehicles two years old or newer from a vehicle's model year, the
133 assessor may use a value other than average without performing a physical inspection of the
134 motor vehicle. In the absence of a listing for a particular motor vehicle in such publication,
135 the assessor shall use such information or publications which in the assessor's judgment will
136 fairly estimate the true value in money of the motor vehicle.

137 10. Before the assessor may increase the assessed valuation of any parcel of subclass
138 (1) real property by more than fifteen percent since the last assessment, excluding increases
139 due to new construction or improvements, the assessor shall conduct a physical inspection of
140 such property.

141 11. If a physical inspection is required, pursuant to subsection 10 of this section, the
142 assessor shall notify the property owner of that fact in writing and shall provide the owner

143 clear written notice of the owner's rights relating to the physical inspection. If a physical
144 inspection is required, the property owner may request that an interior inspection be
145 performed during the physical inspection. The owner shall have no less than thirty days to
146 notify the assessor of a request for an interior physical inspection.

147 12. A physical inspection, as required by subsection 10 of this section, shall include,
148 but not be limited to, an on-site personal observation and review of all exterior portions of the
149 land and any buildings and improvements to which the inspector has or may reasonably and
150 lawfully gain external access, and shall include an observation and review of the interior of
151 any buildings or improvements on the property upon the timely request of the owner pursuant
152 to subsection 11 of this section. Mere observation of the property via a drive-by inspection or
153 the like shall not be considered sufficient to constitute a physical inspection as required by
154 this section.

155 13. A county or city collector may accept credit cards as proper form of payment of
156 outstanding property tax or license due. No county or city collector may charge surcharge for
157 payment by credit card which exceeds the fee or surcharge charged by the credit card bank,
158 processor, or issuer for its service. A county or city collector may accept payment by
159 electronic transfers of funds in payment of any tax or license and charge the person making
160 such payment a fee equal to the fee charged the county by the bank, processor, or issuer of
161 such electronic payment.

162 14. Any county or city not within a county in this state may, by an affirmative vote of
163 the governing body of such county, opt out of the provisions of this section and sections
164 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general
165 assembly, second regular session and section 137.073 as modified by house committee
166 substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-
167 second general assembly, second regular session, for the next year of the general
168 reassessment, prior to January first of any year. No county or city not within a county
169 shall exercise this opt-out provision after implementing the provisions of this section and
170 sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first
171 general assembly, second regular session and section 137.073 as modified by house
172 committee substitute for senate substitute for senate committee substitute for senate bill no.
173 960, ninety-second general assembly, second regular session, in a year of general
174 reassessment. For the purposes of applying the provisions of this subsection, a political
175 subdivision contained within two or more counties where at least one of such counties has
176 opted out and at least one of such counties has not opted out shall calculate a single tax rate as
177 in effect prior to the enactment of house bill no. 1150 of the ninety-first general assembly,
178 second regular session. A governing body of a city not within a county or a county that has
179 opted out under the provisions of this subsection may choose to implement the provisions of

180 this section and sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of
 181 the ninety-first general assembly, second regular session, and section 137.073 as modified by
 182 house committee substitute for senate substitute for senate committee substitute for senate bill
 183 no. 960, ninety-second general assembly, second regular session, for the next year of general
 184 reassessment, by an affirmative vote of the governing body prior to December thirty-first of
 185 any year.

186 15. The governing body of any city of the third classification with more than twenty-
 187 six thousand three hundred but fewer than twenty-six thousand seven hundred inhabitants
 188 located in any county that has exercised its authority to opt out under subsection 14 of this
 189 section may levy separate and differing tax rates for real and personal property only if such
 190 city bills and collects its own property taxes or satisfies the entire cost of the billing and
 191 collection of such separate and differing tax rates. Such separate and differing rates shall not
 192 exceed such city's tax rate ceiling.

193 16. Any portion of real property that is available as reserve for strip, surface, or coal
 194 mining for minerals for purposes of excavation for future use or sale to others that has not
 195 been bonded and permitted under chapter 444 shall be assessed based upon how the real
 196 property is currently being used. Any information provided to a county assessor, state tax
 197 commission, state agency, or political subdivision responsible for the administration of tax
 198 policies shall, in the performance of its duties, make available all books, records, and
 199 information requested, except such books, records, and information as are by law declared
 200 confidential in nature, including individually identifiable information regarding a specific
 201 taxpayer or taxpayer's mine property. For purposes of this subsection, "mine property" shall
 202 mean all real property that is in use or readily available as a reserve for strip, surface, or coal
 203 mining for minerals for purposes of excavation for current or future use or sale to others that
 204 has been bonded and permitted under chapter 444.

143.011. 1. **For all tax years beginning on or before December 31, 2025**, a tax is
 2 hereby imposed for every ~~taxable~~ tax year on the Missouri taxable income of every resident.
 3 The tax shall be determined by applying the tax table or the rate provided in section 143.021,
 4 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
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) **For all tax years beginning on or after January 1, 2026, a tax is hereby imposed for every tax year on the Missouri taxable income of every resident of this state at a rate of four and seven-tenths percent, or the top rate of tax as in effect on January 1, 2026, whichever is less. The tax shall be determined by the application of the income provisions provided under section 143.021.**

(2) Any modification of the tax rate under this subsection shall apply only to tax years that begin on or after a modification takes effect.

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

4. (1) In addition to the rate ~~[reduction]~~ established under ~~[subsection]~~ subsections 2 and 3 of this section, beginning with the ~~[2024]~~ 2026 calendar year, the ~~[top]~~ rate of tax under subsection ~~[4]~~ 3 of this section may be reduced by ~~[fifteen-hundredths]~~ one-tenth of ~~[a]~~ one percent. **No more than ten reductions shall be made under this subsection.** A reduction

48 in the rate of tax shall take effect on January first of a calendar year and such reduced rates
49 shall continue in effect until the next reduction occurs.

50 (2) A reduction in the rate of tax shall only occur if the amount of net general revenue
51 collected in the previous fiscal year exceeds the highest amount of net general revenue
52 collected in any of the three fiscal years prior to such fiscal year by at least one hundred
53 seventy-five million dollars.

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

56 (4) The director of the department of revenue shall, by rule, adjust the tax ~~tables~~
57 **rate** under subsection ~~[1]~~ **3** of this section to effectuate the provisions of this subsection.

58 ~~[4-]~~ **5.** (1) In addition to the rate reductions under subsections 2, **3**, and ~~[3]~~ **4** of this
59 section, beginning with the calendar year immediately following the calendar year in which a
60 reduction is made pursuant to subsection ~~[3]~~ **4** of this section, the top rate of tax under
61 subsection 1 of this section may be further reduced over a period of years. Each reduction in
62 the top rate of tax shall be by one-tenth of a percent and no more than one reduction shall
63 occur in a calendar year. No more than three reductions shall be made under this subsection.
64 Reductions in the rate of tax shall take effect on January first of a calendar year and such
65 reduced rates shall continue in effect until the next reduction occurs.

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

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

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

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

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

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

83 ~~[5-]~~ **6.** Beginning with the 2017 calendar year, **and ending on or before December**
84 **31, 2025**, the brackets of Missouri taxable income identified in subsection 1 of this section

85 shall be adjusted annually by the percent increase in inflation. The director shall publish such
86 brackets annually beginning on or after October 1, 2016. Modifications to the brackets shall
87 take effect on January first of each calendar year and shall apply to tax years beginning on or
88 after the effective date of the new brackets.

89 ~~[6-]~~ 7. As used in this section, the following terms mean:

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

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

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

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

143.031. 1. A husband and wife who file a joint federal income tax return shall file a
2 combined return. A husband and wife who do not file a joint federal income tax return shall
3 not file a combined return.

4 2. The Missouri combined taxable income on a combined return shall include all of
5 the income and deductions of the husband and wife. **For all tax years ending on or before**
6 **December 31, 2025**, the Missouri taxable income of each spouse shall be an amount that is
7 the same proportion of their Missouri combined taxable income as the Missouri adjusted
8 gross income of that spouse bears to their Missouri combined adjusted gross income. **For all**
9 **tax years beginning on or after January 1, 2026, there shall be one column for the**
10 **calculation of total Missouri combined adjusted gross income on a Missouri income tax**
11 **return.**

12 3. The tax of each spouse shall be determined by the application of either section
13 143.021 or section 143.041 depending upon whether such spouse is a resident or nonresident.
14 Their Missouri combined tax shall be the sum of the tax applicable to each spouse.

143.121. 1. The Missouri adjusted gross income of a resident individual shall be the
2 taxpayer's federal adjusted gross income subject to the modifications in this section.

3 2. There shall be added to the taxpayer's federal adjusted gross income:

4 (1) The amount of any federal income tax refund received for a prior year which
5 resulted in a Missouri income tax benefit. The amount added pursuant to this subdivision
6 shall not include any amount of a federal income tax refund attributable to a tax credit
7 reducing a taxpayer's federal tax liability pursuant to Public Law 116-136 or 116-260, enacted
8 by the 116th United States Congress, for the tax year beginning on or after January 1, 2020,

9 and ending on or before December 31, 2020, and deducted from Missouri adjusted gross
10 income pursuant to section 143.171. The amount added under this subdivision shall also not
11 include any amount of a federal income tax refund attributable to a tax credit reducing a
12 taxpayer's federal tax liability under any other federal law that provides direct economic
13 impact payments to taxpayers to mitigate financial challenges related to the COVID-19
14 pandemic, and deducted from Missouri adjusted gross income under section 143.171;

15 (2) Interest on certain governmental obligations excluded from federal gross income
16 by 26 U.S.C. Section 103 of the Internal Revenue Code, as amended. The previous sentence
17 shall not apply to interest on obligations of the state of Missouri or any of its political
18 subdivisions or authorities and shall not apply to the interest described in subdivision (1) of
19 subsection 3 of this section. The amount added pursuant to this subdivision shall be reduced
20 by the amounts applicable to such interest that would have been deductible in computing the
21 taxable income of the taxpayer except only for the application of 26 U.S.C. Section 265 of the
22 Internal Revenue Code, as amended. The reduction shall only be made if it is at least five
23 hundred dollars;

24 (3) The amount of any deduction that is included in the computation of federal
25 taxable income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended
26 by the Job Creation and Worker Assistance Act of 2002 to the extent the amount deducted
27 relates to property purchased on or after July 1, 2002, but before July 1, 2003, and to the
28 extent the amount deducted exceeds the amount that would have been deductible pursuant to
29 26 U.S.C. Section 168 of the Internal Revenue Code of 1986 as in effect on January 1, 2002;

30 (4) The amount of any deduction that is included in the computation of federal
31 taxable income for net operating loss allowed by 26 U.S.C. Section 172 of the Internal
32 Revenue Code of 1986, as amended, other than the deduction allowed by 26 U.S.C. Section
33 172(b)(1)(G) and 26 U.S.C. Section 172(i) of the Internal Revenue Code of 1986, as
34 amended, for a net operating loss the taxpayer claims in the tax year in which the net
35 operating loss occurred or carries forward for a period of more than twenty years and carries
36 backward for more than two years. Any amount of net operating loss taken against federal
37 taxable income but disallowed for Missouri income tax purposes pursuant to this subdivision
38 after June 18, 2002, may be carried forward and taken against any income on the Missouri
39 income tax return for a period of not more than twenty years from the year of the initial loss;
40 and

41 (5) For nonresident individuals in all taxable years ending on or after December 31,
42 2006, the amount of any property taxes paid to another state or a political subdivision of
43 another state for which a deduction was allowed on such nonresident's federal return in the
44 taxable year unless such state, political subdivision of a state, or the District of Columbia
45 allows a subtraction from income for property taxes paid to this state for purposes of

46 calculating income for the income tax for such state, political subdivision of a state, or the
47 District of Columbia;

48 (6) For all tax years beginning on or after January 1, 2018, any interest expense paid
49 or accrued in a previous taxable year, but allowed as a deduction under 26 U.S.C. Section
50 163, as amended, in the current taxable year by reason of the carryforward of disallowed
51 business interest provisions of 26 U.S.C. Section 163(j), as amended. For the purposes of this
52 subdivision, an interest expense is considered paid or accrued only in the first taxable year the
53 deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the
54 limitation under 26 U.S.C. Section 163(j), as amended, did not exist.

55 3. There shall be subtracted from the taxpayer's federal adjusted gross income the
56 following amounts to the extent included in federal adjusted gross income:

57 (1) Interest received on deposits held at a federal reserve bank or interest or dividends
58 on obligations of the United States and its territories and possessions or of any authority,
59 commission or instrumentality of the United States to the extent exempt from Missouri
60 income taxes pursuant to the laws of the United States. The amount subtracted pursuant to
61 this subdivision shall be reduced by any interest on indebtedness incurred to carry the
62 described obligations or securities and by any expenses incurred in the production of interest
63 or dividend income described in this subdivision. The reduction in the previous sentence
64 shall only apply to the extent that such expenses including amortizable bond premiums are
65 deducted in determining the taxpayer's federal adjusted gross income or included in the
66 taxpayer's Missouri itemized deduction. The reduction shall only be made if the expenses
67 total at least five hundred dollars;

68 (2) The portion of any gain, from the sale or other disposition of property having a
69 higher adjusted basis to the taxpayer for Missouri income tax purposes than for federal
70 income tax purposes on December 31, 1972, that does not exceed such difference in basis. If
71 a gain is considered a long-term capital gain for federal income tax purposes, the modification
72 shall be limited to one-half of such portion of the gain;

73 (3) The amount necessary to prevent the taxation pursuant to this chapter of any
74 annuity or other amount of income or gain which was properly included in income or gain and
75 was taxed pursuant to the laws of Missouri for a taxable year prior to January 1, 1973, to the
76 taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive
77 the income or gain, or to a trust or estate from which the taxpayer received the income or
78 gain;

79 (4) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the
80 extent that the same are included in federal adjusted gross income;

81 (5) The amount of any state income tax refund for a prior year which was included in
82 the federal adjusted gross income;

83 (6) The portion of capital gain specified in section 135.357 that would otherwise be
84 included in federal adjusted gross income;

85 (7) The amount that would have been deducted in the computation of federal taxable
86 income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as in effect on
87 January 1, 2002, to the extent that amount relates to property purchased on or after July 1,
88 2002, but before July 1, 2003, and to the extent that amount exceeds the amount actually
89 deducted pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the
90 Job Creation and Worker Assistance Act of 2002;

91 (8) For all tax years beginning on or after January 1, 2005, the amount of any income
92 received for military service while the taxpayer serves in a combat zone which is included in
93 federal adjusted gross income and not otherwise excluded therefrom. As used in this section,
94 "combat zone" means any area which the President of the United States by Executive Order
95 designates as an area in which Armed Forces of the United States are or have engaged in
96 combat. Service is performed in a combat zone only if performed on or after the date
97 designated by the President by Executive Order as the date of the commencing of combat
98 activities in such zone, and on or before the date designated by the President by Executive
99 Order as the date of the termination of combatant activities in such zone;

100 (9) For all tax years ending on or after July 1, 2002, with respect to qualified property
101 that is sold or otherwise disposed of during a taxable year by a taxpayer and for which an
102 additional modification was made under subdivision (3) of subsection 2 of this section, the
103 amount by which additional modification made under subdivision (3) of subsection 2 of this
104 section on qualified property has not been recovered through the additional subtractions
105 provided in subdivision (7) of this subsection;

106 (10) For all tax years beginning on or after January 1, 2014, the amount of any
107 income received as payment from any program which provides compensation to agricultural
108 producers who have suffered a loss as the result of a disaster or emergency, including the:

- 109 (a) Livestock Forage Disaster Program;
110 (b) Livestock Indemnity Program;
111 (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;
112 (d) Emergency Conservation Program;
113 (e) Noninsured Crop Disaster Assistance Program;
114 (f) Pasture, Rangeland, Forage Pilot Insurance Program;
115 (g) Annual Forage Pilot Program;
116 (h) Livestock Risk Protection Insurance Plan;
117 (i) Livestock Gross Margin Insurance Plan;

118 (11) For all tax years beginning on or after January 1, 2018, any interest expense paid
119 or accrued in the current taxable year, but not deducted as a result of the limitation imposed

120 under 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest
121 expense is considered paid or accrued only in the first taxable year the deduction would have
122 been allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C.
123 Section 163(j), as amended, did not exist;

124 (12) One hundred percent of any retirement benefits received by any taxpayer as a
125 result of the taxpayer's service in the Armed Forces of the United States, including reserve
126 components and the National Guard of this state, as defined in 32 U.S.C. Sections 101(3) and
127 109, and any other military force organized under the laws of this state; ~~and~~

128 (13) For all tax years beginning on or after January 1, 2022, one hundred percent of
129 any federal, state, or local grant moneys received by the taxpayer if the grant money was
130 disbursed for the express purpose of providing or expanding access to broadband internet to
131 areas of the state deemed to be lacking such access; **and**

132 **(14) For all tax years beginning on or after January 1, 2025, one hundred**
133 **percent of all income reported as a capital gain for federal income tax purposes.**

134 4. There shall be added to or subtracted from the taxpayer's federal adjusted gross
135 income the taxpayer's share of the Missouri fiduciary adjustment provided in section 143.351.

136 5. There shall be added to or subtracted from the taxpayer's federal adjusted gross
137 income the modifications provided in section 143.411.

138 6. In addition to the modifications to a taxpayer's federal adjusted gross income in this
139 section, to calculate Missouri adjusted gross income there shall be subtracted from the
140 taxpayer's federal adjusted gross income any gain recognized pursuant to 26 U.S.C. Section
141 1033 of the Internal Revenue Code of 1986, as amended, arising from compulsory or
142 involuntary conversion of property as a result of condemnation or the imminence thereof.

143 7. (1) As used in this subsection, "qualified health insurance premium" means the
144 amount paid during the tax year by such taxpayer for any insurance policy primarily
145 providing health care coverage for the taxpayer, the taxpayer's spouse, or the taxpayer's
146 dependents.

147 (2) In addition to the subtractions in subsection 3 of this section, one hundred percent
148 of the amount of qualified health insurance premiums shall be subtracted from the taxpayer's
149 federal adjusted gross income to the extent the amount paid for such premiums is included in
150 federal taxable income. The taxpayer shall provide the department of revenue with proof of
151 the amount of qualified health insurance premiums paid.

152 8. (1) Beginning January 1, 2014, in addition to the subtractions provided in this
153 section, one hundred percent of the cost incurred by a taxpayer for a home energy audit
154 conducted by an entity certified by the department of natural resources under section 640.153
155 or the implementation of any energy efficiency recommendations made in such an audit shall
156 be subtracted from the taxpayer's federal adjusted gross income to the extent the amount paid

157 for any such activity is included in federal taxable income. The taxpayer shall provide the
158 department of revenue with a summary of any recommendations made in a qualified home
159 energy audit, the name and certification number of the qualified home energy auditor who
160 conducted the audit, and proof of the amount paid for any activities under this subsection for
161 which a deduction is claimed. The taxpayer shall also provide a copy of the summary of any
162 recommendations made in a qualified home energy audit to the department of natural
163 resources.

164 (2) At no time shall a deduction claimed under this subsection by an individual
165 taxpayer or taxpayers filing combined returns exceed one thousand dollars per year for
166 individual taxpayers or cumulatively exceed two thousand dollars per year for taxpayers
167 filing combined returns.

168 (3) Any deduction claimed under this subsection shall be claimed for the tax year in
169 which the qualified home energy audit was conducted or in which the implementation of the
170 energy efficiency recommendations occurred. If implementation of the energy efficiency
171 recommendations occurred during more than one year, the deduction may be claimed in more
172 than one year, subject to the limitations provided under subdivision (2) of this subsection.

173 (4) A deduction shall not be claimed for any otherwise eligible activity under this
174 subsection if such activity qualified for and received any rebate or other incentive through a
175 state-sponsored energy program or through an electric corporation, gas corporation, electric
176 cooperative, or municipally owned utility.

177 9. The provisions of subsection 8 of this section shall expire on December 31, 2020.

178 10. (1) As used in this subsection, the following terms mean:

179 (a) "Beginning farmer", a taxpayer who:

180 a. Has filed at least one but not more than ten Internal Revenue Service Schedule F
181 (Form 1040) Profit or Loss From Farming forms since turning eighteen years of age;

182 b. Is approved for a beginning farmer loan through the USDA Farm Service Agency
183 Beginning Farmer direct or guaranteed loan program;

184 c. Has a farming operation that is determined by the department of agriculture to be
185 new production agriculture but is the principal operator of a farm and has substantial farming
186 knowledge; or

187 d. Has been determined by the department of agriculture to be a qualified family
188 member;

189 (b) "Farm owner", an individual who owns farmland and disposes of or relinquishes
190 use of all or some portion of such farmland as follows:

191 a. A sale to a beginning farmer;

192 b. A lease or rental agreement not exceeding ten years with a beginning farmer; or

193 c. A crop-share arrangement not exceeding ten years with a beginning farmer;

194 (c) "Qualified family member", an individual who is related to a farm owner within
195 the fourth degree by blood, marriage, or adoption and who is purchasing or leasing or is in a
196 crop-share arrangement for land from all or a portion of such farm owner's farming operation.

197 (2) (a) In addition to all other subtractions authorized in this section, a taxpayer who
198 is a farm owner who sells all or a portion of such farmland to a beginning farmer may subtract
199 from such taxpayer's Missouri adjusted gross income an amount to the extent included in
200 federal adjusted gross income as provided in this subdivision.

201 (b) Subject to the limitations in paragraph (c) of this subdivision, the amount that may
202 be subtracted shall be equal to the portion of capital gains received from the sale of such
203 farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such
204 capital gain.

205 (c) A taxpayer may subtract the following amounts and percentages per tax year in
206 total capital gains received from the sale of such farmland under this subdivision:

207 a. For the first two million dollars received, one hundred percent;

208 b. For the next one million dollars received, eighty percent;

209 c. For the next one million dollars received, sixty percent;

210 d. For the next one million dollars received, forty percent; and

211 e. For the next one million dollars received, twenty percent.

212 (d) The department of revenue shall prepare an annual report reviewing the costs and
213 benefits and containing statistical information regarding the subtraction of capital gains
214 authorized under this subdivision for the previous tax year including, but not limited to, the
215 total amount of all capital gains subtracted and the number of taxpayers subtracting such
216 capital gains. Such report shall be submitted before February first of each year to the
217 committee on agriculture policy of the Missouri house of representatives and the committee
218 on agriculture, food production and outdoor resources of the Missouri senate, or the successor
219 committees.

220 (3) (a) In addition to all other subtractions authorized in this section, a taxpayer who
221 is a farm owner who enters a lease or rental agreement for all or a portion of such farmland
222 with a beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an
223 amount to the extent included in federal adjusted gross income as provided in this
224 subdivision.

225 (b) Subject to the limitation in paragraph (c) of this subdivision, the amount that may
226 be subtracted shall be equal to the portion of cash rent income received from the lease or
227 rental of such farmland that such taxpayer receives in the tax year for which such taxpayer
228 subtracts such income.

229 (c) No taxpayer shall subtract more than twenty-five thousand dollars per tax year in
230 total cash rent income received from the lease or rental of such farmland under this
231 subdivision.

232 (4) (a) In addition to all other subtractions authorized in this section, a taxpayer who
233 is a farm owner who enters a crop-share arrangement on all or a portion of such farmland with
234 a beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an
235 amount to the extent included in federal adjusted gross income as provided in this
236 subdivision.

237 (b) Subject to the limitation in paragraph (c) of this subdivision, the amount that may
238 be subtracted shall be equal to the portion of income received from the crop-share
239 arrangement on such farmland that such taxpayer receives in the tax year for which such
240 taxpayer subtracts such income.

241 (c) No taxpayer shall subtract more than twenty-five thousand dollars per tax year in
242 total income received from the lease or rental of such farmland under this subdivision.

243 (5) The department of agriculture shall, by rule, establish a process to verify that a
244 taxpayer is a beginning farmer for purposes of this section and shall provide verification to
245 the beginning farmer and farm seller of such farmer's and seller's certification and
246 qualification for the exemption provided in this subsection.

143.131. 1. The Missouri standard deduction may be deducted in determining
2 Missouri taxable income of a resident individual unless the taxpayer or his spouse has elected
3 to itemize his deduction as provided in section 143.141.

4 2. **(1) For all tax years ending on or before December 31, 2025,** the Missouri
5 standard deduction shall be the allowable federal standard deduction.

6 **(2) For all tax years beginning on or after January 1, 2026, the Missouri**
7 **standard deduction shall be the allowable federal standard deduction plus four**
8 **thousand dollars.**

143.175. 1. For all tax years beginning on or after January 1, 2020, for purposes of
2 calculating the Missouri taxable income as required under section 143.011, a percentage of
3 the income received by any person as salary or compensation:

4 (1) In performance of inactive duty for training (IDT) of the National Guard or annual
5 training status (AT) of the National Guard;

6 (2) In reserve components of the Armed Forces of the United States; ~~or~~

7 (3) For all tax years beginning on or after January 1, 2025, in the form of a bonus
8 from the National Guard or a reserve component of the United States Armed Forces for
9 joining, reenlisting, or for any other reason; **or**

(4) For all tax years beginning on or after January 1, 2026, in performance of state-funded military orders of the National Guard, commonly known as state active duty (SAD) or state emergency duty (SED);

and to the extent that such income is included in the federal adjusted gross income, may be deducted from the taxpayer's Missouri adjusted gross income to determine such taxpayer's Missouri taxable income. If such person files a combined return with a spouse, a percentage of any military income received while engaging in the performance of National Guard or reserve military duty may be deducted from their Missouri combined adjusted gross income. Such military income shall be deducted as follows:

(a) For the tax year beginning on or after January 1, 2020, twenty percent of such military income;

(b) For the tax year beginning on or after January 1, 2021, forty percent of such military income;

(c) For the tax year beginning on or after January 1, 2022, sixty percent of such income;

(d) For the tax year beginning on or after January 1, 2023, eighty percent of such income;

(e) For all tax years beginning on January 1, 2024, and thereafter, one hundred percent of such income.

2. Notwithstanding the provisions of this section or any other provision of law to the contrary, the deduction authorized by this section shall not apply to compensation received while engaging in civilian federal service, including civil service positions requiring the wearing of military uniform and military affiliation.

143.512. In the event a taxpayer is denied part or all of a tax credit for which the taxpayer has qualified pursuant to any provision of law due to lack of available funds, and such denial causes a balance-due notice to be generated by the department of revenue or any other redeeming agency, a taxpayer shall not be held liable for any penalty or interest on such balance due, provided the balance is paid or approved payment arrangements have been made within sixty days from the notice of denial. Any payments not timely made pursuant to this section shall be subject to penalty and interest pursuant to this chapter.

~~[143.177. 1. This section shall be known and may be cited as the "Missouri Working Family Tax Credit Act".~~

~~2. For purposes of this section, the following terms shall mean:~~

~~(1) "Department", the department of revenue;~~

~~(2) "Eligible taxpayer", a resident individual with a filing status of single, head of household, widowed, or married filing combined who is subject~~

7 to the tax imposed under this chapter, excluding withholding tax imposed
8 under sections 143.191 to 143.265, and who is allowed a federal earned
9 income tax credit under 26 U.S.C. Section 32, as amended;

10 (3) "Tax credit", a credit against the tax otherwise due under this
11 chapter, excluding withholding tax imposed under sections 143.191 to
12 143.265.

13 3. (1) Beginning with the 2023 calendar year, an eligible taxpayer
14 shall be allowed a tax credit in an amount equal to a percentage of the amount
15 such taxpayer would receive under the federal earned income tax credit as
16 such credit existed under 26 U.S.C. Section 32 as of January 1, 2021, as
17 provided pursuant to subdivision (2) of this subsection. The tax credit allowed
18 by this section shall be claimed by such taxpayer at the time such taxpayer
19 files a return and shall be applied against the income tax liability imposed by
20 this chapter after reduction for all other credits allowed thereon. If the amount
21 of the credit exceeds the tax liability, the difference shall not be refunded to the
22 taxpayer and shall not be carried forward to any subsequent tax year.

23 (2) Subject to the provisions of subdivision (3) of this subsection, the
24 percentage of the federal earned income tax credit to be allowed as a tax credit
25 pursuant to subdivision (1) of this subsection shall be ten percent, which may
26 be increased to twenty percent subject to the provisions of subdivision (3) of
27 this subsection. The maximum percentage that may be claimed as a tax credit
28 pursuant to this section shall be twenty percent of the federal earned income
29 tax credit that may be claimed by such taxpayer. Any increase in the
30 percentage that may be claimed as a tax credit shall take effect on January first
31 of a calendar year and such percentage shall continue in effect until the next
32 percentage increase occurs. An increase shall only apply to tax years that
33 begin on or after the increase takes effect.

34 (3) The initial percentage to be claimed as a tax credit and any increase
35 in the percentage that may be claimed pursuant to subdivision (2) of this
36 subsection shall only occur if the amount of net general revenue collected in
37 the previous fiscal year exceeds the highest amount of net general revenue
38 collected in any of the three fiscal years prior to such fiscal year by at least one
39 hundred fifty million dollars.

40 4. Notwithstanding the provisions of section 32.057 to the contrary,
41 the department shall determine whether any taxpayer filing a report or return
42 with the department who did not apply for the credit authorized under this
43 section may qualify for the credit and, if so, determines a taxpayer may qualify
44 for the credit, shall notify such taxpayer of his or her potential eligibility. In
45 making a determination of eligibility under this section, the department shall
46 use any appropriate and available data including, but not limited to, data
47 available from the Internal Revenue Service, the U.S. Department of Treasury,
48 and state income tax returns from previous tax years.

49 5. The department shall prepare an annual report containing statistical
50 information regarding the tax credits issued under this section for the previous
51 tax year, including the total amount of revenue expended, the number of
52 credits claimed, and the average value of the credits issued to taxpayers whose
53 earned income falls within various income ranges determined by the
54 department.

55 6. ~~The director of the department may promulgate rules and~~
56 ~~regulations to administer the provisions of this section. Any rule or portion~~
57 ~~of a rule, as that term is defined in section 536.010, that is created under the~~
58 ~~authority delegated in this section shall become effective only if it complies~~
59 ~~with and is subject to all of the provisions of chapter 536 and, if applicable,~~
60 ~~section 536.028. This section and chapter 536 are nonseverable and if any of~~
61 ~~the powers vested with the general assembly pursuant to chapter 536 to review,~~
62 ~~to delay the effective date, or to disapprove and annul a rule are subsequently~~
63 ~~held unconstitutional, then the grant of rulemaking authority and any rule~~
64 ~~proposed or adopted after January 1, 2023, shall be invalid and void.~~
65 7. Tax credits authorized under this section shall not be subject to the
66 ~~requirements of sections 135.800 to 135.830.]~~

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