

FIRST REGULAR SESSION

HOUSE BILL NO. 813

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE REED.

1442H.01I

JOSEPH ENGLER, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to the Missouri child tax credit.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be
2 known as section 135.320, to read as follows:

135.320. 1. **This section shall be known and may be cited as the "Missouri Child
2 Tax Credit Act".**

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

4 (1) **"Child"**, an individual who bears a relationship to the qualified taxpayer as a
5 biological child, adopted child, stepchild, foster child, or a descendant of any of the
6 foregoing; or a brother, sister, half-brother, half-sister, stepbrother, stepsister, or a
7 descendant of the foregoing;

8 (2) **"Department"**, the department of revenue;

9 (3) **"Qualified child"**, any child of the qualified taxpayer who:

10 (a) Is properly listed as a dependent of the taxpayer on the taxpayer's federal
11 income tax return;

12 (b) Is under eighteen years of age at the end of the tax year;

13 (c) Did not provide more than half the costs of his or her own support; and

14 (d) Lived with the taxpayer for more than half of the tax year in the state of
15 Missouri;

16 (4) **"Qualified taxpayer"**, any resident individual who:

17 (a) Has a filing status of:

EXPLANATION — Matter enclosed in bold-faced brackets [*thus*] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 a. Single, head of household, or widow(er) and a Missouri adjusted gross income
19 of seventy-five thousand dollars or less; or

20 b. Married filing combined and a combined Missouri adjusted gross income of
21 one hundred fifty thousand dollars or less; and

22 (b) Is subject to the state income tax imposed under chapter 143;

23 (c) Bears a relationship to the qualified child as defined under this section; and

24 (d) Is not a dependent of another individual;

25 (5) "Tax credit", a credit against the tax otherwise due under chapter 143,
26 excluding withholding tax imposed under sections 143.191 to 143.265.

27 3. For all tax years beginning on or after January 1, 2026, a qualified taxpayer
28 shall be allowed to claim a refundable tax credit against the taxpayer's state tax liability
29 for each qualified child in the following amounts:

30 (1) Seven thousand two hundred dollars for each qualified child who is under
31 seven years of age as of the close of the calendar year in which the tax year of the
32 taxpayer begins; or

33 (2) Three thousand six hundred dollars for each qualified child seven years of
34 age or older but under eighteen years of age as of the close of the calendar year in which
35 the tax year of the taxpayer begins.

36 4. Except in the case of a tax year closed by reason of the death of the qualified
37 taxpayer, no tax credit under this section shall be allowed in the case of a tax year
38 covering a period of less than twelve months.

39 5. No qualified child shall be claimed for more than one tax credit in the same
40 tax year. If a child may be claimed as a qualified child by two or more taxpayers for a
41 tax year beginning in the same calendar year, the department may adopt rules and
42 regulations addressing such instance and reference the provisions of the Internal
43 Revenue Code of 1986, as amended, or other provisions of the laws of the United States
44 relating to federal income taxes.

45 6. For a given tax year, a qualified taxpayer shall be allowed to claim a
46 cumulative amount of up to six tax credits under this section.

47 7. (1) The department shall establish a program for making monthly advance
48 payments to qualified taxpayers. A qualified taxpayer may apply to receive such tax
49 credit in advance of filing the taxpayer's Missouri income tax return using an
50 application or process prescribed by rule or regulation or on the department's website
51 and may elect to receive such credit, upon approval by the department, in the form of
52 advanced equal monthly disbursements. Qualified taxpayers opting for advanced
53 monthly disbursements shall receive:

54 (a) Six hundred dollars per month for each qualified child under seven years of
55 age; or

56 (b) Three hundred dollars per month for each qualified child seven years of age
57 or older but under eighteen years of age.

58 (2) If the qualified taxpayer elects not to receive advance payments of the tax
59 credit or did not apply for the advance payments, the qualified taxpayer may claim this
60 tax credit when filing his or her Missouri income tax return.

61 (3) If a qualified taxpayer applies for advanced payments of the tax credit under
62 this section, any additional amount remaining may be applied against the qualified
63 taxpayer's Missouri income tax return for the tax year against which the credit was
64 claimed.

65 (4) A qualified taxpayer applying for the advanced payments shall include the
66 qualified taxpayer's reasonably estimated Missouri adjusted gross income and
67 reasonably expected filing status in the form, application, or other documentation
68 established by the department.

69 8. (1) The department shall begin accepting 2026 tax year advanced payment
70 applications for the tax credit authorized under this section on or before October 1,
71 2025, and shall allow advanced payment applications for the 2026 tax year through June
72 30, 2026. For each tax year thereafter, such application period shall begin on or before
73 July first preceding the tax year for which the credit is claimed and end June thirtieth of
74 the tax year for which the credit is claimed, with exceptions for amendments,
75 supplemental information, and other reasons that the department may allow by rule.

76 (2) The department may begin monthly advanced payments for the 2026 tax
77 year beginning on or after January 1, 2026, or immediately upon approval of the
78 application to each qualified taxpayer claiming a credit under this section each year,
79 whichever is later; and for all tax years thereafter, beginning on or after each January
80 first of the calendar year for which the tax credit is claimed in advance, or immediately
81 upon approval of the application to each qualified taxpayer claiming a credit under this
82 section each year, whichever is later. The advanced payments shall be paid on or before
83 the last day of each month, beginning the first month of the tax year for which the credit
84 is claimed in advance or the month following approval of the application, whichever is
85 later.

86 (3) The department may modify, during any calendar year, the advanced
87 payment amount with respect to any qualified taxpayer for such calendar year to take
88 into account:

89 (a) A Missouri income tax return filed by such taxpayer; and

90 (b) Any other information provided by the taxpayer to the department.

91 (4) In the case of any modification under subdivision (3) of this subsection, the
92 department may adjust the amount of any advanced payment made after the date of
93 such modification to properly take into account the amount by which any advanced
94 payment made before such date was greater than or less than the amount that such
95 payment would have been on the basis of the advanced payment amount as so modified.

96 (5) Any refunds issued from this tax credit shall be offset against a qualified
97 taxpayer's outstanding state tax liabilities or certain other debts as described under
98 section 143.611 and sections 143.781 to 143.790. The department may promulgate rules
99 addressing excess advance payments, recapture, reconciliation, clerical errors, how to
100 update addresses or banking information, applying for additional qualifying children
101 throughout the year, and any other provisions necessary to effectuate the program
102 under this section.

103 9. No tax credit shall be allowed under this section to a qualified taxpayer with
104 respect to any qualified child unless the qualified taxpayer includes the name, Social
105 Security number, custody decrees or arrangements if applicable, and any other
106 identification documents for such qualifying child that the department determines to be
107 necessary to be submitted with the application for advanced payment of the tax credit or
108 on the Missouri income tax return for the tax year that the tax credit is claimed.

109 10. Notwithstanding the provisions of section 32.057 to the contrary, the
110 department or any duly authorized employee or agent shall determine whether any
111 taxpayer filing a report or return with the department who did not apply for the credit
112 authorized under this section may qualify for the credit and, if the department or such
113 authorized employee or agent determines a taxpayer may qualify for the credit, the
114 department or such employee or agent shall notify such taxpayer of his or her potential
115 eligibility. In making a determination of eligibility under this section, the department
116 shall use any appropriate and available data.

117 11. Notwithstanding any provision of law to the contrary, the refundable tax
118 credit and its payment authorized under this section shall be in addition to any federal
119 child tax credits under 24 U.S.C. Section 26 claimed by the qualified taxpayer, and any
120 amounts of the credit paid to the taxpayer shall not be considered as assets, income, or
121 resources to the same extent the federal credit and its payment would be disregarded
122 under 26 U.S.C. Section 6409, not taxable as state or federal income, and not taken into
123 account as income for the purposes of determining eligibility of an individual for
124 benefits or assistance or the amount or extent of benefits or assistance under any state
125 program and, to the extent permitted by federal law, under any state program financed
126 in whole or in part with federal funds.

127 **12. No tax credit claimed under this section shall be carried forward to any**
128 **subsequent tax year. No tax credit claimed under this section shall be assigned,**
129 **transferred, sold, or otherwise conveyed.**

130 **13. Tax credits authorized under this section shall not be subject to the**
131 **requirements of sections 135.800 to 135.830.**

132 **14. The department shall prepare an annual report containing information on**
133 **the effectiveness and reach of the tax credit and statistical information regarding the tax**
134 **credits issued under this section for the previous tax year including, but not limited to,**
135 **the number of taxpayers claiming the tax credit; the number of total credits claimed and**
136 **credit amount; the average claimant's income; the average credit amount per child and**
137 **per claimant; the total amount of revenue expended; impact on family economic**
138 **stability; and recommendations for improvements to the tax credit program. No data**
139 **shall be disclosed in any form that allows the personal identification of any child or**
140 **taxpayer to any individual or entity.**

141 **15. Beginning with the 2027 calendar year, the department of revenue shall**
142 **assess the income eligibility thresholds, tax credit amount, monthly advanced payment**
143 **amounts, and other provisions of the Missouri child tax credit under this section and**
144 **shall increase such amounts annually for inflation based on the Consumer Price Index**
145 **for All Urban Consumers for the United States, as reported by the Bureau of Labor**
146 **Statistics, or its successor index. Modifications to the tax credit under this section shall**
147 **take effect on January first of each calendar year and shall apply to tax years beginning**
148 **on or after the effective date of the modifications.**

149 **16. Notwithstanding any provision of section 105.1500 to the contrary, any**
150 **requirement to provide information, documents, or records under this section, and any**
151 **requirement established by the department to provide information, documents, or**
152 **records for the purpose of administering and enforcing this section shall be exempt from**
153 **section 105.1500.**

154 **17. The department of revenue shall promulgate all necessary rules and**
155 **regulations for the administration of this section. Any rule or portion of a rule, as that**
156 **term is defined in section 536.010, that is created under the authority delegated in this**
157 **section shall become effective only if it complies with and is subject to all of the**
158 **provisions of chapter 536 and, if applicable, section 536.028. This section and chapter**
159 **536 are nonseverable and if any of the powers vested with the general assembly**
160 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
161 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**
162 **and any rule proposed or adopted after August 28, 2025, shall be invalid and void.**

163 **18. Under section 23.253 of the Missouri sunset act:**

164 **(1) The provisions of the new program authorized under this section shall**
165 **automatically sunset six years after the effective date of this section unless reauthorized**
166 **by an act of the general assembly;**

167 **(2) If such program is reauthorized, the program authorized under this section**
168 **shall automatically sunset twelve years after the effective date of the reauthorization of**
169 **this section; and**

170 **(3) This section shall terminate on September first of the calendar year**
171 **immediately following the calendar year in which the provisions authorized under this**
172 **section are sunset.**

173 **19. Notwithstanding the provisions of section 1.140 to the contrary, the**
174 **provisions of this section shall be nonseverable, and if any provision is for any reason**
175 **held to be invalid, such decision shall invalidate all of the remaining provisions of this**
176 **section.**

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