

FIRST REGULAR SESSION

HOUSE BILL NO. 1478

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HEIN.

3034H.011

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal section 143.177, RSMo, and to enact in lieu thereof one new section relating to income taxes.

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

Section A. Section 143.177, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.177, to read as follows:

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

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

3. (1) Beginning with the 2023 calendar year, an eligible taxpayer shall be allowed a tax credit in an amount equal to a percentage of the amount such taxpayer would receive under the federal earned income tax credit as such credit existed under 26 U.S.C. Section 32 as of January 1, 2021, as provided pursuant to subdivision (2) of this subsection. The tax credit allowed by this section shall be claimed by such taxpayer at the time such taxpayer files a return and shall be applied against the income tax liability imposed by this chapter after reduction for all other credits allowed thereon. **For all tax years beginning on or before**

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 **December 31, 2025**, if the amount of the credit exceeds the tax liability, the difference shall
19 not be refunded to the taxpayer and shall not be carried forward to any subsequent tax year,
20 **but for all tax years beginning on or after January 1, 2026, tax credits issued under the**
21 **provisions of this section shall be refundable.**

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

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

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

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

49 6. The director of the department may promulgate rules and regulations to administer
50 the provisions of this section. Any rule or portion of a rule, as that term is defined in section
51 536.010, that is created under the authority delegated in this section shall become effective
52 only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable,
53 section 536.028. This section and chapter 536 are nonseverable and if any of the powers
54 vested with the general assembly pursuant to chapter 536 to review, to delay the effective

55 date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant
56 of rulemaking authority and any rule proposed or adopted after January 1, 2023, shall be
57 invalid and void.

58 7. Tax credits authorized under this section shall not be subject to the requirements of
59 sections 135.800 to 135.830.

✓