

House \_\_\_\_\_ Amendment NO. \_\_\_\_\_

**Offered By**

AMEND Senate Substitute No. 2 for Senate Committee Substitute for Senate Bill No. 3, Page 15, Section 100.240, Lines 91-94, by deleting all of said lines and inserting in lieu thereof the following:

"by law; and

(b) The nonresident professional athletes and"; and

Further amend said bill, Pages 18-21, Section 135.445, Lines 1-74, by deleting all of said section and lines; and

Further amend said bill, Pages 21-35, Section 137.1120, Lines 1-464, by deleting all of said section and lines and inserting in lieu thereof the following:

"143.011. 1. For all tax years beginning on or before December 31, 2025, a tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table or the rate provided in section 143.021, which is based upon the following rates:

If the Missouri taxable income is:	The tax is:
Not over \$1,000.00	1 1/2% of the Missouri taxable income
Over \$1,000 but not over \$2,000	\$15 plus 2% of excess over \$1,000
Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of excess over \$2,000
Over \$3,000 but not over \$4,000	\$60 plus 3% of excess over \$3,000
Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000

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Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000
Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over \$7,000
Over \$8,000 but not over \$9,000	\$260 plus 5 1/2% of excess over \$8,000
Over \$9,000	\$315 plus 6% of excess over \$9,000

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

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

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

~~3. (1) [In addition to the rate reduction under subsection 2 of this section, beginning with the 2024 calendar year, the top rate of tax under subsection 1 of this section may be reduced by fifteen hundredths of a percent. A reduction in the rate of tax shall take effect on January first of a calendar year and such reduced rates shall continue in effect until the next reduction occurs.~~

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

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

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

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

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

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

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

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

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

~~(4) The director of the department of revenue shall, by rule, adjust the tax tables under subsection 1 of this section to effectuate the provisions of this subsection. The bracket for income subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced below the rate applicable to such bracket, and the top remaining rate of tax shall apply to all income in excess of the income in the second highest remaining income bracket.] For all tax years beginning on or after January 1, 2026, a tax of four percent is hereby imposed on the Missouri taxable income of every resident of this state. The tax shall be determined by the application of the income provisions provided under section 143.021.~~

(2) 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) Beginning with the 2027 calendar year, the rate of tax under subsection 3 of this section may be further reduced over a period of years. Each reduction in the rate of tax shall be by one half of a percent and no more than one reduction shall occur in a calendar year. Reductions in the rate of tax shall take effect on January first of a calendar year and such reduced rates shall continue in effect until the next reduction occurs.

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

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

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

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

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

5. Beginning with the 2017 calendar year, and ending on or before December 31, 2025, the brackets of Missouri taxable income identified in subsection 1 of this section shall be adjusted

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

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

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

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

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

13 (4) "Percent increase in inflation", the percentage, if any, by which the CPI for the preceding  
 14 calendar year exceeds the CPI for the year beginning September 1, 2014, and ending August 31,  
 15 2015.

16 143.021. 1. Every resident having a taxable income shall determine his or her tax from the  
 17 rates provided in section 143.011. For all tax years beginning on or before December 31, 2022,  
 18 there shall be no tax on a taxable income of less than one hundred dollars.

19 2. (1) Notwithstanding the provisions of subsection 1 of section 143.011 to the contrary, for  
 20 all tax years beginning on or after January 1, 2023, but on or before December 31, 2025, there shall  
 21 be no tax on taxable income of less than or equal to one thousand dollars, as adjusted pursuant to  
 22 subsection 5 of section 143.011.

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

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

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

30 143.171. 1. For all tax years beginning on or after January 1, 1994, and ending on or before  
 31 December 31, 2018, an individual taxpayer shall be allowed a deduction for his or her federal  
 32 income tax liability under Chapter 1 of the Internal Revenue Code for the same taxable year for  
 33 which the Missouri return is being filed, not to exceed five thousand dollars on a single taxpayer's  
 34 return or ten thousand dollars on a combined return, after reduction for all credits thereon, except  
 35 the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax,  
 36 and the credits allowed by the Internal Revenue Code by 26 U.S.C. Section 31, 26 U.S.C. Section  
 37 27, and 26 U.S.C. Section 34.

38 2. (1) Notwithstanding any other provision of law to the contrary, for all tax years  
 39 beginning on or after January 1, 2019, but on or before December 31, 2025, an individual taxpayer

shall be allowed a deduction equal to a percentage of his or her federal income tax liability under Chapter 1 of the Internal Revenue Code for the same taxable year for which the Missouri return is being filed, not to exceed five thousand dollars on a single taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits thereon, except the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by 26 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34. The deduction percentage is determined according to the following table:

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

(2) Notwithstanding any provision of law to the contrary, the amount of any tax credits reducing a taxpayer's federal tax liability pursuant to Public Law 116-136 or 116-260, enacted by the 116th United States Congress, for the tax year beginning on or after January 1, 2020, and ending on or before December 31, 2020, and the amount of any tax credits reducing a taxpayer's federal tax liability under any other federal law that provides direct economic impact payments to taxpayers to mitigate financial challenges related to the COVID-19 pandemic shall not be considered in determining a taxpayer's federal tax liability for the purposes of subdivision (1) of this subsection.

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

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

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

Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.