

FIRST EXTRAORDINARY SESSION OF THE
FIRST REGULAR SESSION
HOUSE BILL NO. 2

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE REED.

3319H.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, with an emergency clause.

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

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

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

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

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

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

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

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

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

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

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

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

(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;
- 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) "State tax liability", any tax liability incurred by a qualified taxpayer under
26 chapter 143, excluding withholding tax imposed under section 143.191 to 143.265;
- 27 (6) "Tax credit", a credit against the tax otherwise due under chapter 143,
28 excluding withholding tax imposed under sections 143.191 to 143.265.
- 29 3. For all tax years beginning on or after January 1, 2026, a qualified taxpayer
30 shall be allowed to claim a refundable tax credit against the taxpayer's state tax liability
31 for each qualified child in the following amounts:
- 32 (1) Seven thousand two hundred dollars for each qualified child who is under
33 seven years of age as of the close of the calendar year in which the tax year of the
34 taxpayer begins; or
- 35 (2) Three thousand six hundred dollars for each qualified child seven years of
36 age or older but under eighteen years of age as of the close of the calendar year in which
37 the tax year of the taxpayer begins.
- 38 4. Except in the case of a tax year closed by reason of the death of the qualified
39 taxpayer, no tax credit under this section shall be allowed in the case of a tax year
40 covering a period of less than twelve months.
- 41 5. No qualified child shall be claimed for more than one tax credit in the same
42 tax year. If a child may be claimed as a qualified child by two or more taxpayers for a
43 tax year beginning in the same calendar year, the department may adopt rules and
44 regulations addressing such instance and reference the provisions of the Internal
45 Revenue Code of 1986, as amended, or other provisions of the laws of the United States
46 relating to federal income taxes.
- 47 6. For a given tax year, a qualified taxpayer shall be allowed to claim a
48 cumulative amount of up to six tax credits under this section.
- 49 7. (1) The department shall establish a program for making monthly advance
50 payments to qualified taxpayers. A qualified taxpayer may apply to receive such tax
51 credit in advance of filing the taxpayer's Missouri income tax return using an
52 application or process prescribed by rule or regulation or on the department's website
53 and may elect to receive such credit, upon approval by the department, in the form of

54 advanced equal monthly disbursements. Qualified taxpayers opting for advanced
55 monthly disbursements shall receive:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

127 program and, to the extent permitted by federal law, under any state program financed
128 in whole or in part with federal funds.

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

132 13. Tax credits authorized under this section shall not be subject to the
133 requirements of sections 135.800 to 135.830.

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

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

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

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

164 and any rule proposed or adopted after the effective date of this section, shall be invalid
165 and void.

166 18. Under section 23.253 of the Missouri sunset act:

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

170 (2) If such program is reauthorized, the program authorized under this section
171 shall automatically sunset twelve years after the effective date of the reauthorization of
172 this section; and

173 (3) This section shall terminate on September first of the calendar year
174 immediately following the calendar year in which the provisions authorized under this
175 section are sunset.

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

Section B. Because immediate action is necessary to reduce child poverty in this
2 state, section A of this act is deemed necessary for the immediate preservation of the public
3 health, welfare, peace, and safety, and is hereby declared to be an emergency act within the
4 meaning of the constitution, and section A of this act shall be in full force and effect upon its
5 passage and approval.

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