

HB 2 -- MISSOURI CHILD TAX CREDIT

SPONSOR: Reed

Beginning January 1, 2026, a qualified taxpayer, as defined in the bill, can claim a refundable tax credit for each qualified child in the following amounts:

- (1) \$7,200 for each qualified child under seven years of age; or
- (2) \$3,600 for each qualified child between seven years of age and 18 years of age.

This bill specifies that, unless a tax year is closed because of the death of the qualified tax payer, the tax credit is not allowed in a tax year covering less than 12 months, and a qualified child cannot be claimed for more than one tax credit in the same tax year. If a child is claimed as a qualified child by two or more taxpayers, the Department of Revenue (DOR) can adopt rules to address such an instance.

A qualified taxpayer must be allowed to claim a cumulative amount of up to six tax credits. DOR must establish a program for making monthly advance payments to qualified taxpayers. A qualified taxpayer can apply to receive such credits in advance using an application or other process developed by DOR, and can receive the credits in equal monthly disbursements. Qualified taxpayers opting for advance monthly disbursements will receive:

- (1) \$600 per month for each qualified child under seven years of age; or
- (2) \$300 per month for each qualified child between seven years of age and 18 years of age.

If the qualified taxpayer does not elect to receive advance payments, he or she can claim the credit when filing his or her Missouri income tax return. If the qualified taxpayer applies for advance payments, any additional amount remaining can be applied against the taxpayer's Missouri income tax return.

DOR will begin accepting 2026 tax year advance payment applications on or before October 1, 2025, and will allow these applications for the 2026 tax year through June 30, 2026. For each subsequent tax year, the application period will begin on or before July 1 of the preceding tax year and end on June 30 of the tax year for which the credit is claimed.

The DOR can begin monthly advance payments for the 2026 tax year on January 1, 2026, or immediately upon approval of the application, whichever is later. For all tax years thereafter, monthly advance payments can be disbursed on or after each January 1 of the calendar year for which the credit is claimed in advance, or immediately upon approval, whichever is later. The advance payments will be paid on or before the last day of each month or the month following approval of the application, whichever is later.

The DOR can modify the advance payment amount so as to account for the following:

- (1) A Missouri income tax return filed by the taxpayer; or
- (2) Any other information provided by the taxpayer to DOR.

Any refunds issued must be offset against the qualified taxpayer's outstanding state tax liabilities or certain other debts.

No tax credits will be allowed unless the qualified taxpayer includes the following information with the application for advance payments:

- (1) The name of the qualified child;
- (2) The child's Social Security number;
- (3) Any custody decrees or arrangements; and
- (4) Any other identification documents.

If an otherwise qualifying taxpayer files a Missouri income tax return but does not apply for the tax credits available under this program, DOR must notify the taxpayer of his or her potential eligibility.

This tax credit and its payments will be in addition to any federal child tax credit claimed by the qualified taxpayer. No credits can be carried forward, nor can any credits be assigned, transferred, sold, or otherwise conveyed.

DOR will prepare annual reports that detail the effectiveness and reach of the tax credits, as described in the bill. Beginning with the 2027 calendar year, DOR must conduct an assessment of this program and increase the credit amounts annually for inflation based on the Consumer Price Index. The modifications will take effect on January 1 of each calendar year.

The provisions of this program will sunset six years after the effective date unless reauthorized.

The provisions of this bill are subject to an emergency clause.

This bill is the same as HB 813 (2025) and similar to HB 2643 (2024).