

SECOND REGULAR SESSION

HOUSE BILL NO. 2449

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE DAVIS.

6002H.01I

JOSEPH ENGLER, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a tax credit for certain educational expenses.

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 135.721, to read as follows:

135.721. 1. This section shall be known and may be cited as the "Missouri Parental Choice Tax Credit Act".

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

3. (1) "Department", the Missouri department of revenue;

4. (2) "Eligible education expenses", in a given tax year, the following costs a qualified taxpayer incurs for the educational needs of a qualified student who is enrolled in and attends a qualified school:

5. (a) Tuition and fees;

6. (b) Textbooks;

7. (c) Curriculum as defined under section 166.700;

8. (d) Other instructional materials including, but not limited to, computer software, supplemental materials, or associated online instruction;

9. (e) Fees for nationally standardized norm-referenced achievement tests, advanced placement examinations, or any examinations related to college or university admission;

10. (f) Tutoring services;

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.

17 (g) Fees for summer education programs and specialized after-school education
18 programs;

19 (h) Services provided by a qualified school including, but not limited to,
20 individual classes and extracurricular programs;

21 (i) Computer hardware or other technological devices that are used to help meet
22 the qualified student's educational needs; and

23 (j) Educational therapies or services from a licensed or accredited practitioner
24 or provider including, but not limited to, licensed or accredited paraprofessionals or
25 educational aides;

26 (3) "Public school", any public school in the state of Missouri, as such term is
27 defined under section 160.011, including, but not limited to, a charter school as defined
28 in section 160.400 or a public virtual school as described under section 161.670;

29 (4) "Qualified amount", for any qualified taxpayer in a given tax year, an
30 amount equal to one hundred percent of the total eligible education expenses incurred
31 by a qualified taxpayer in a given tax year per qualified student per tax year;

32 (5) "Qualified school", a home school as defined under 167.012, a family paced
33 education school or FPE school as defined under section 167.013, or any of the following
34 entities that are incorporated in Missouri and that do not discriminate on the basis of
35 race, color, or national origin:

36 (a) A private school as defined under section 166.700;

37 (b) A private virtual school;

38 (c) A parochial school; or

39 (d) A parish school;

40 (6) "Qualified student", any resident individual of this state who:

41 (a) Is properly listed as a dependent of the qualified taxpayer on the qualified
42 taxpayer's state income tax return;

43 (b) Is the natural or adopted child of the qualified taxpayer or is an individual
44 for whom the qualified taxpayer has been court-appointed as a legal guardian or
45 custodian; and

46 (c) Is eligible to enroll in an elementary or secondary public school in this state,
47 but who is enrolled in or attending a qualified school as a full-time student;

48 (7) "Qualified taxpayer", any resident individual subject to the state income tax
49 imposed under chapter 143, excluding the withholding tax imposed under sections
50 143.191 to 143.265, who is not a dependent of another individual and is the biological or
51 adoptive parent, legal guardian, custodian, or other person with legal authority to act on
52 behalf of a qualified student;

53 (8) "Tax credit", a credit against the tax otherwise due under chapter 143,
54 excluding withholding tax imposed under sections 143.191 to 143.265.

55 3. The following costs a qualified taxpayer incurs for the educational needs of a
56 qualified student shall not be deemed eligible education expenses under this section:

- 57 (1) Paper;
- 58 (2) Pens;
- 59 (3) Pencils;
- 60 (4) Markers;
- 61 (5) Erasers;
- 62 (6) Notebooks;

63 (7) Other similar consumable education supplies; or

64 (8) Costs incurred as a result of a qualified student's participation in academic,
65 athletic, social, or extracurricular activities provided or sponsored by:

- 66 (a) A public school as defined in section 160.011;
- 67 (b) A charter school as defined in section 160.400; or
- 68 (c) A public virtual school as described in section 161.670.

69 4. For all tax years beginning on or after January 1, 2027, a qualified taxpayer
70 shall be allowed to claim a tax credit against the qualified taxpayer's state tax liability
71 for a qualified student's eligible education expenses. The amount of each tax credit shall
72 not exceed the lesser of:

- 73 (1) The qualified taxpayer's qualified amount; or
- 74 (2) The state adequacy target, as defined under section 163.011.

75 5. If a qualified student was enrolled in a public school for part of a tax year, the
76 amount of the tax credit allowed under this section shall be prorated, based upon that
77 proportion of which the total number of school days the qualified student was enrolled
78 in or attending the qualified school for the tax year the credit is claimed. The
79 department may promulgate rules governing the calculation and proration under this
80 subsection.

81 6. A qualified taxpayer may claim a tax credit under this section at the time such
82 qualified taxpayer files a return. The qualified taxpayer shall submit with the qualified
83 taxpayer's return an itemized list of eligible education expenses incurred, identification
84 or other legal documents relating to a qualified student's dependency status, and any
85 other information required by the department, on a form to be developed by the
86 department. The qualified taxpayer shall retain all receipts of eligible education
87 expenses as proof of the amounts paid each tax year the credit is claimed and shall
88 submit them to the department upon request.

89 7. Qualified taxpayers claiming the credit shall:

90 (1) Claim the credit for only eligible education expenses as defined under this
91 section to provide an education for a qualified student;

92 (2) Ensure no other person is claiming a credit for the qualified student;

93 (3) Not claim the credit for a qualified student who enrolls as a full-time student
94 in a public school as defined under this section; and

95 (4) Comply with provisions of this section and the rules and requirements
96 established by the department for the administration of the tax credit.

97 8. A qualified taxpayer shall not be eligible to receive a tax credit under this
98 section if such qualified taxpayer is a participant in the Missouri empowerment
99 scholarship accounts program under sections 135.712 to 135.719 and sections 166.700 to
100 166.720 for the same qualified student. Before issuing the tax credit under this section,
101 the department shall verify with the state treasurer that the taxpayer is not a participant
102 in and does not have a pending application for the Missouri empowerment scholarship
103 accounts program for the same qualified student.

104 9. No tax credit claimed under this section shall be assigned, transferred, sold, or
105 otherwise conveyed.

106 10. (1) Tax credits issued under the provisions of this section shall be refundable.
107 No tax credit claimed under this section shall be carried forward to any subsequent tax
108 year.

109 (2) Any refunds issued from this tax credit shall be offset against a qualified
110 taxpayer's outstanding state tax liabilities or certain other debts as described under
111 section 143.611 and sections 143.781 to 143.790.

112 (3) The department shall have the authority to conduct an audit or contract for
113 the auditing of receipts for eligible education expenses submitted under this section.

114 (4) The department is authorized to recapture the tax credits otherwise
115 authorized under this section on a prorated basis if an audit conducted under the
116 provisions of this section finds that the qualified taxpayer claimed a student who no
117 longer attends a qualified school, has enrolled in a public school on a full-time basis, or
118 for other reasons that would make the qualified taxpayer no longer eligible for the tax
119 credit authorized under this section.

120 (5) The department may promulgate rules addressing recapture, reconciliation,
121 clerical errors, and any other provisions necessary to effectuate the program under this
122 section.

123 11. Notwithstanding any provision of section 105.1500 to the contrary, any
124 requirement to provide information, documents, or records under this section, and any
125 requirement established by the department to provide information, documents, or

126 records for the purpose of administering and enforcing this section, shall be exempt
127 from section 105.1500.

128 12. The department, in conjunction with the state treasurer, shall promulgate all
129 necessary rules and regulations for the administration of this section including, but not
130 limited to, rules relating to the verification of a taxpayer's qualified amount. Any rule
131 or portion of a rule, as that term is defined in section 536.010, that is created under the
132 authority delegated in this section shall become effective only if it complies with and is
133 subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This
134 section and chapter 536 are nonseverable and if any of the powers vested with the
135 general assembly pursuant to chapter 536 to review, to delay the effective date, or to
136 disapprove and annul a rule are subsequently held unconstitutional, then the grant of
137 rulemaking authority and any rule proposed or adopted after August 28, 2026, shall be
138 invalid and void.

139 13. This section shall not be subject to the provisions of the Missouri sunset act
140 under sections 23.250 to 23.298.

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