

HOUSE BILL NO. 3444

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE TITUS.

7427H.011

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal section 143.011, RSMo, and to enact in lieu thereof two new sections relating to taxation.

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

Section A. Section 143.011, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 143.011 and 146.200, to read as follows:

143.011. 1. 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
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

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.

15 2. (1) Notwithstanding the provisions of subsection 1 of this section to the contrary,
16 beginning with the 2023 calendar year, the top rate of tax pursuant to subsection 1 of this
17 section shall be four and ninety-five hundredths percent.

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

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

24 3. (1) In addition to the rate reduction under subsection 2 of this section, beginning
25 with the 2024 calendar year, the top rate of tax under subsection 1 of this section may be
26 reduced by fifteen hundredths of a percent. A reduction in the rate of tax shall take effect on
27 January first of a calendar year and such reduced rates shall continue in effect until the next
28 reduction occurs.

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

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

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

37 4. (1) In addition to the rate reductions under subsections 2 and 3 of this section,
38 beginning with the calendar year immediately following the calendar year in which a
39 reduction is made pursuant to subsection 3 of this section, the top rate of tax under subsection
40 1 of this section may be further reduced over a period of years. Each reduction in the top rate
41 of tax shall be by one-tenth of a percent and no more than one reduction shall occur in a
42 calendar year. No more than three reductions shall be made under this subsection.
43 Reductions in the rate of tax shall take effect on January first of a calendar year and such
44 reduced rates shall continue in effect until the next reduction occurs.

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

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

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

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

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

57 (4) The director of the department of revenue shall, by rule, adjust the tax tables under
58 subsection 1 of this section to effectuate the provisions of this subsection. The bracket for
59 income subject to the top rate of tax shall be eliminated once the top rate of tax has been
60 reduced below the rate applicable to such bracket, and the top remaining rate of tax shall
61 apply to all income in excess of the income in the second highest remaining income bracket.

62 **5. (1) In addition to the rate reductions pursuant to subsections 2 to 4 of this**
63 **section, beginning with the 2027 calendar year, the top rate of tax pursuant to subsection**
64 **1 of this section may be reduced by seventeen-hundredths of one percent. Such**
65 **reduction in the rate of tax shall take effect on January first of a calendar year.**

66 **(2) A reduction in the rate of tax under this subsection shall occur only if one or**
67 **more institutions is subject to the tax imposed on the endowments of institutions of**
68 **higher education pursuant to section 146.200.**

69 **(3) The modification of tax rates under this subsection shall apply only to tax**
70 **years that begin on or after the date the modification takes effect.**

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

73 6. Beginning with the 2017 calendar year, the brackets of Missouri taxable income
74 identified in subsection 1 of this section shall be adjusted annually by the percent increase in
75 inflation. The director shall publish such brackets annually beginning on or after October 1,
76 2016. Modifications to the brackets shall take effect on January first of each calendar year
77 and shall apply to tax years beginning on or after the effective date of the new brackets.

78 ~~[6.]~~ 7. As used in this section, the following terms mean:

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

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

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

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

146.200. 1. As used in this section, the following terms shall mean:

2 **(1) "Endowment", a permanent fund held by an institution of higher education**
3 **that:**

4 **(a) Consists of property, cash, cash equivalents, stocks, bonds, or any other**
5 **marketable security;**

6 **(b) Is used for purposes indicated by donors to such fund or for other purposes**
7 **related to the mission of the institution of higher education; and**

8 **(c) Attempts to maintain and grow the principal of such fund, while annually**
9 **disbursing all or part of investment earnings generated by the fund;**

10 **(2) "Qualifying institution of higher education", an institution of higher**
11 **education that:**

12 **(a) Is affiliated with, or provides medical faculty to, any abortion facility, as such**
13 **term is defined in section 188.015;**

14 **(b) Offers specific medical residencies or fellowships that offer training in**
15 **performing or inducing abortions; or**

16 **(c) Supports in any manner any abortion facility where abortions are performed**
17 **or induced when not necessary to save the life of the mother.**

18 **2. For all tax years beginning on or after January 1, 2027, a tax is hereby**
19 **imposed for every tax year on the endowment of a qualifying institution of higher**
20 **education at a rate of one and nine-tenths percent of the aggregate fair market value of**
21 **the assets of such endowment. Any institution that becomes a qualifying institution of**
22 **higher education on or after January 1, 2027, shall remain subject to the tax imposed**
23 **under this section regardless of whether such institution no longer meets the definition**
24 **of a qualifying institution of higher education as defined under this section.**

25 **3. Revenues generated by the tax imposed under this section shall be deposited**
26 **in the general revenue fund.**

27 **4. The department of revenue shall promulgate rules to implement the**
28 **provisions of this section. Any rule or portion of a rule, as that term is defined in section**
29 **536.010, that is created under the authority delegated in this section shall become**
30 **effective only if it complies with and is subject to all of the provisions of chapter 536 and,**
31 **if applicable, section 536.028. This section and chapter 536 are nonseverable and if any**
32 **of the powers vested with the general assembly pursuant to chapter 536 to review, to**
33 **delay the effective date, or to disapprove and annul a rule are subsequently held**
34 **unconstitutional, then the grant of rulemaking authority and any rule proposed or**
35 **adopted after August 28, 2026, shall be invalid and void.**

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