

HOUSE BILL NO. 1014

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE QUADE.

1627H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to the Missouri child tax credit.

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 either a son or daughter, 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 claimed as a dependent of the taxpayer;

(b) Is seventeen years of age or younger 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;

(4) "Qualified taxpayer", any resident individual with a filing status of single, head of household, widowed, or married filing combined who is subject to the state income tax imposed under chapter 143, excluding the withholding tax imposed under sections 143.191 to 143.265, who bears a relationship to the qualified child as defined

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 under this section, is not a dependent of another individual, and whose Missouri
19 adjusted gross income does not exceed the applicable threshold amounts, subject to the
20 provisions of this section;

21 (5) "Tax credit", a credit against the tax otherwise due under chapter 143,
22 excluding withholding tax imposed under sections 143.191 to 143.265.

23 3. (1) For all tax years beginning on or after January 1, 2024, a qualified
24 taxpayer shall be allowed to claim a refundable tax credit against the taxpayer's state
25 tax liability, subject to the applicable Missouri adjusted gross income amounts under
26 subdivision (2) of this subsection and the additional provisions under subdivision (3) of
27 this subsection, for each qualified child in the following amounts:

28 (a) One thousand six hundred dollars for each qualified child who is five years of
29 age or younger as of the close of the calendar year in which the tax year of the taxpayer
30 begins; or

31 (b) One thousand dollars for each qualified child six years of age or older but not
32 more than seventeen years of age as of the close of the calendar year in which the tax
33 year of the taxpayer begins.

34 (2) For the purposes of this section, the qualified taxpayer's Missouri adjusted
35 gross income threshold amounts shall be as follows:

36 (a) One hundred fifty thousand dollars for taxpayers filing married combined or
37 widowed in the tax year for which a tax credit is claimed;

38 (b) One hundred twelve thousand five hundred dollars for taxpayers filing head
39 of household in the tax year for which a tax credit is claimed; or

40 (c) Seventy-five thousand dollars for taxpayers filing single in the tax year for
41 which a tax credit is claimed.

42 (3) Notwithstanding any provision of subdivision (1) and (2) of this subsection to
43 the contrary, the amount of the tax credit allowed per qualified child under this section
44 shall be reduced, but not below zero, by fifty dollars for each one thousand dollars, or
45 fraction thereof, by which the qualified taxpayer's Missouri adjusted gross income
46 exceeds the applicable threshold amount for such taxpayer's filing status.

47 4. Except in the case of a tax year closed by reason of the death of the qualified
48 taxpayer, no tax credit under this section shall be allowed in the case of a tax year
49 covering a period of less than twelve months.

50 5. No qualified child shall be claimed for more than one tax credit in the same
51 tax year. If a child may be claimed as a qualified child by two or more taxpayers for a
52 tax year beginning in the same calendar year, the department may adopt rules and
53 regulations addressing such instances and reference the provisions of the Internal
54 Revenue Code of 1986, and amendments thereto, or other provisions of the laws of the

55 United States relating to federal income taxes, as the same may be or become effective,
56 except where a different meaning is clearly required under this section.

57 6. A qualified taxpayer shall be allowed to claim a cumulative amount of up to
58 six tax credits or ten thousand dollars total, whichever is less, under this section.

59 7. (1) The qualified taxpayer may apply to receive such tax credit in advance of
60 filing the taxpayer's Missouri income tax return using an application or process
61 prescribed by rule or regulation or on the department's website and may elect to receive
62 such credit, upon approval by the department, in the form of equal monthly
63 disbursements, prorated based upon the number of months left in the calendar year.

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

67 (3) If a qualified taxpayer applies for advanced monthly installment refund
68 payments of tax credit under this section, any additional amount remaining may be
69 added to the last advanced refund payment of the calendar year, or applied against the
70 qualified taxpayer's Missouri income tax return for the tax year against which the credit
71 was claimed.

72 8. (1) The department shall establish a program for making periodic payments
73 to qualified taxpayers which, in the aggregate during any calendar year, equal to the
74 total amount of refundable tax credits determined with respect to such qualified
75 taxpayer for such calendar year.

76 (2) The department shall begin accepting applications for the tax credit
77 authorized under this section not later than October 1, 2023, and shall allow
78 applications for the 2024 tax year through June 30, 2024. For each tax year
79 thereafter, such application period shall begin not later than October first preceding the
80 tax year for which the credit is claimed and ending June thirtieth of such year, with
81 exceptions for amendments, supplemental information, and other reasons that the
82 department may allow by rule.

83 (3) The department may begin monthly advanced refund installment payments
84 for the 2024 tax year beginning on or after January 1, 2024, or immediately upon
85 approval of the application to each qualified taxpayer claiming a credit under this
86 section each year, whichever is later; and for all tax years thereafter, beginning on or
87 after each January first of the calendar year for which the tax credit is claimed in
88 advance, or immediately upon approval of the application to each qualified taxpayer
89 claiming a credit under this section each year, whichever is later.

90 **(4) The department may modify, during any calendar year, the advance refund**
91 **amount with respect to any qualified taxpayer for such calendar year to take into**
92 **account:**

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

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

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

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

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

113 **10. Notwithstanding the provisions of section 32.057 to the contrary, the**
114 **department or any duly authorized employee or agent shall determine whether any**
115 **taxpayer filing a report or return with the department who did not apply for the credit**
116 **authorized under this section may qualify for the credit and, if the department or such**
117 **authorized employee or agent determines a taxpayer may qualify for the credit, the**
118 **department or such employee or agent shall notify such taxpayer of his or her potential**
119 **eligibility. In making a determination of eligibility under this section, the department**
120 **shall use any appropriate and available data including, but not limited to, data available**
121 **from the Internal Revenue Service, the U.S. Department of the Treasury, and state**
122 **income tax returns from previous tax years.**

123 **11. Notwithstanding any provision of law to the contrary, the refundable tax**
124 **credit and its payment authorized under this section shall be in addition to any federal**
125 **child tax credits under 24 U.S.C. Section 26 claimed by the qualified taxpayer, and any**
126 **amounts of the credit paid to the taxpayer shall not be considered as assets, income, or**

127 resources to the same extent the federal credit and its payment would be disregarded
128 under 26 U.S.C. Section 6409, not taxable as state or federal income, and not taken into
129 account as income for the purposes of determining eligibility of an individual for
130 benefits or assistance or the amount or extent of benefits or assistance under any state
131 program and, to the extent permitted by federal law, under any state program financed
132 in whole or in part with federal funds.

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

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

138 14. The department shall prepare an annual report containing statistical
139 information regarding the tax credits issued under this section for the previous tax year,
140 including but not limited to, the number of taxpayers claiming the tax credit, the
141 number of total credits claimed and the number of credits actually awarded for each
142 income level and credit amount, the claimants' income, the average credit amount per
143 child and per claimant, and the total amount of revenue expended. No data shall be
144 disclosed in any form that allows the personal identification of any child or taxpayer to
145 any individual or entity.

146 15. The department of revenue shall promulgate all necessary rules and
147 regulations for the administration of this section including, but not limited to, rules
148 relating to the verification of a taxpayer's qualified amount. Any rule or portion of a
149 rule, as that term is defined in section 536.010, that is created under the authority
150 delegated in this section shall become effective only if it complies with and is subject to
151 all of the provisions of chapter 536 and, if applicable, section 536.028. This section and
152 chapter 536 are nonseverable and if any of the powers vested with the general assembly
153 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
154 a rule are subsequently held unconstitutional, then the grant of rulemaking authority
155 and any rule proposed or adopted after August 28, 2023, shall be invalid and void.

156 16. Under section 23.253 of the Missouri sunset act:

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

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

163 **(3) This section shall terminate on September first of the calendar year**
164 **immediately following the calendar year in which the provisions authorized under this**
165 **section are sunset.**

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