

FIRST EXTRAORDINARY SESSION OF THE
SECOND REGULAR SESSION

HOUSE BILL NO. 12

101ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE SMITH (163).

5994H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 143.031, 143.071, 143.131, and 144.1021, RSMo, and section 143.011 as enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular session, and section 143.011 as enacted by house bill no. 2540 merged with senate bill no. 884, ninety-ninth general assembly, second regular session, and to enact in lieu thereof five new sections relating to income tax.

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

Section A. Sections 143.031, 143.071, 143.131, and 144.1021, RSMo, and section 143.011 as enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular session, and section 143.011 as enacted by house bill no. 2540 merged with senate bill no. 884, ninety-ninth general assembly, second regular session, are repealed and five new sections enacted in lieu thereof, to be known as sections 143.011, 143.031, 143.071, 143.131, and 144.1021, to read as follows:

143.011. 1. **For all tax years ending on or before December 31, 2022**, 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

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.

10	Over \$2,000 but not over	\$35 plus 2 1/2% of excess over \$2,000
11	\$3,000	
12	Over \$3,000 but not over	\$60 plus 3% of excess over \$3,000
13	\$4,000	
14	Over \$4,000 but not over	\$90 plus 3 1/2% of excess over \$4,000
15	\$5,000	
16	Over \$5,000 but not over	\$125 plus 4% of excess over \$5,000
17	\$6,000	
18	Over \$6,000 but not over	\$165 plus 4 1/2% of excess over \$6,000
19	\$7,000	
20	Over \$7,000 but not over	\$210 plus 5% of excess over \$7,000
21	\$8,000	
22	Over \$8,000 but not over	\$260 plus 5 1/2% of excess over \$8,000
23	\$9,000	
24	Over \$9,000	\$315 plus 6% of excess over \$9,000

25 2. (1) Beginning with the 2017 calendar year, **but ending on December 31, 2022,**
 26 the top rate of tax under subsection 1 of this section may be reduced over a period of years.
 27 Each reduction in the top rate of tax shall be by one-tenth of a percent and no more than one
 28 reduction shall occur in a calendar year. No more than seven reductions shall be made under
 29 this subsection. Reductions in the rate of tax shall take effect on January first of a calendar
 30 year and such reduced rates shall continue in effect until the next reduction occurs.

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

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

37 (4) The director of the department of revenue shall, by rule, adjust the tax tables under
 38 subsection 1 of this section to effectuate the provisions of this subsection. The bracket for
 39 income subject to the top rate of tax shall be eliminated once the top rate of tax has been
 40 reduced to five and one-half percent, and the top remaining rate of tax shall apply to all
 41 income in excess of the income in the second highest remaining income bracket.

42 ~~[(5) Notwithstanding the provisions of subdivision (1) of this subsection to the~~
 43 ~~contrary, there shall be no reduction under this subsection in the 2024 calendar year.~~
 44 ~~However, such reductions shall continue after the 2024 calendar year for subsequent calendar~~
 45 ~~years.]~~

46 3. (1) In addition to the rate reductions under subsection 2 of this section, beginning
47 with the 2019 calendar year, **but ending on December 31, 2022**, the top rate of tax under
48 subsection 1 of this section shall be reduced by four-tenths of one percent. Such reduction in
49 the rate of tax shall take effect on January first of the 2019 calendar year.

50 (2) The modification of tax rates under this subsection shall only apply to tax years
51 that begin on or after the date the modification takes effect.

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

54 ~~4. [(1) In addition to the rate reductions under subsections 2 and 3 of this section,
55 beginning with the 2024 calendar year, the top rate of tax under subsection 1 of this section
56 shall be reduced by one-tenth of one percent.~~

57 ~~(2) The modification of tax rates under this subsection shall apply only to tax years
58 that begin on or after the date the modification takes effect.~~

59 ~~(3) The director of the department of revenue shall, by rule, adjust the tax tables under
60 subsection 1 of this section to effectuate the provisions of this subsection.~~

61 ~~5.]~~ Beginning with the 2017 calendar year, **but ending on December 31, 2022**, the
62 brackets of Missouri taxable income identified in subsection 1 of this section shall be adjusted
63 annually by the percent increase in inflation. The director shall publish such brackets
64 annually beginning on or after October 1, 2016. Modifications to the brackets shall take
65 effect on January first of each calendar year and shall apply to tax years beginning on or after
66 the effective date of the new brackets.

67 ~~[6.]~~ **5.** As used in this section, **for all tax years ending on or before December 31,**
68 **2022**, the following terms mean:

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

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

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

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

79 **6. For all tax years beginning on or after January 1, 2023, a tax of four and**
80 **eight-tenths percent is hereby imposed for every tax year on the Missouri taxable**
81 **income of every resident.**

82 7. (1) Beginning with the 2024 calendar year, the rate of tax under subsection 6
 83 of this section may be reduced over a period of years. Each reduction in the rate of tax
 84 shall be by one-tenth of one percent and no more than one reduction shall occur in a
 85 calendar year. No more than eight reductions shall be made under this subsection.
 86 Reductions in the rate of tax shall take effect on January first of a calendar year and
 87 such reduced rates shall continue in effect until the next reduction occurs.

88 (2) A reduction in the rate of tax shall occur only if the amount of net general
 89 revenue collected in the previous fiscal year exceeds the highest amount of net general
 90 revenue collected in any of the three fiscal years prior to such fiscal year by at least one
 91 hundred fifty million dollars. The one-hundred-fifty-million-dollar threshold of net
 92 general revenue shall be adjusted by the percent increase in inflation. The director shall
 93 publish the new revenue threshold annually beginning on or after October 1, 2023.

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

96 (4) The director of the department of revenue shall, by rule, adjust the tax rate
 97 under subsection 6 of this section to effectuate the provisions of this subsection.

98 (5) As used in this subsection, the following terms mean:

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

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

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

106 (d) "Percent increase in inflation", the percentage, if any, by which the CPI for
 107 the preceding calendar year exceeds the CPI for the year beginning September 1, 2021,
 108 and ending August 31, 2022.

2 ~~[143.011. 1. A tax is hereby imposed for every taxable year on the~~
 3 ~~Missouri taxable income of every resident. The tax shall be determined by~~
 4 ~~applying the tax table or the rate provided in section 143.021, which is based~~
 5 ~~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

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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

~~2. (1) Beginning with the 2017 calendar year, the top rate of tax under subsection 1 of this section may be reduced over a period of years. Each reduction in the top rate of tax shall be by one-tenth of a percent and no more than one reduction shall occur in a calendar year. No more than five reductions shall be made under this subsection. Reductions in the rate of tax shall take effect on January first of a calendar year and such reduced rates shall continue in effect until the next reduction occurs.~~

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

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

~~(4) The director of the department of revenue shall, by rule, adjust the tax tables under subsection 1 of this section to effectuate the provisions of this subsection. The bracket for income subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced to five and one-half percent, and the top remaining rate of tax shall apply to all income in excess of the income in the second highest remaining income bracket.~~

~~3. (1) In addition to the rate reductions under subsection 2 of this section, beginning with the 2019 calendar year, the top rate of tax under subsection 1 of this section shall be reduced by four-tenths of one percent. Such reduction in the rate of tax shall take effect on January first of the 2019 calendar year.~~

~~(2) The modification of tax rates under this subsection shall only apply to tax years that begin on or after the date the modification takes effect.~~

~~(3) The director of the department of revenue shall, by rule, adjust the tax tables under subsection 1 of this section to effectuate the provisions of this subsection.~~

54 ~~4. Beginning with the 2017 calendar year, the brackets of Missouri~~
 55 ~~taxable income identified in subsection 1 of this section shall be adjusted~~
 56 ~~annually by the percent increase in inflation. The director shall publish such~~
 57 ~~brackets annually beginning on or after October 1, 2016. Modifications to the~~
 58 ~~brackets shall take effect on January first of each calendar year and shall apply~~
 59 ~~to tax years beginning on or after the effective date of the new brackets.~~

60 ~~5. As used in this section, the following terms mean:~~

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

64 ~~(2) "CPI for the preceding calendar year", the average of the CPI as of~~
 65 ~~the close of the twelve month period ending on August thirty first of such~~
 66 ~~calendar year;~~

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

71 ~~(4) "Percent increase in inflation", the percentage, if any, by which the~~
 72 ~~CPI for the preceding calendar year exceeds the CPI for the year beginning~~
 73 ~~September 1, 2014, and ending August 31, 2015.]~~

143.031. 1. A husband and wife who file a joint federal income tax return shall file a
 2 combined return. A husband and wife who do not file a joint federal income tax return shall
 3 not file a combined return.

4 2. The Missouri combined taxable income on a combined return shall include all of
 5 the income and deductions of the husband and wife. **For all tax years ending on or before**
 6 **December 31, 2022**, the Missouri taxable income of each spouse shall be an amount that is
 7 the same proportion of their Missouri combined taxable income as the Missouri adjusted
 8 gross income of that spouse bears to their Missouri combined adjusted gross income.

9 3. The tax of each spouse shall be determined by the application of either section
 10 143.021 or section 143.041 depending upon whether such spouse is a resident or nonresident.
 11 Their Missouri combined tax shall be the sum of the tax applicable to each spouse.

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby
 2 imposed upon the Missouri taxable income of corporations in an amount equal to five percent
 3 of Missouri taxable income.

4 2. For all tax years beginning on or after September 1, 1993, and ending on or before
 5 December 31, 2019, a tax is hereby imposed upon the Missouri taxable income of
 6 corporations in an amount equal to six and one-fourth percent of Missouri taxable income.

7 3. For all tax years beginning on or after January 1, 2020, a tax is hereby imposed
 8 upon the Missouri taxable income of corporations in an amount equal to four percent of
 9 Missouri taxable income.

10 **4. (1) Beginning with the 2024 calendar year, the rate of tax under subsection 3**
11 **of this section may be reduced over a period of years. Each reduction in the rate of tax**
12 **shall be by two-tenths of one percent and no more than one reduction shall occur in a**
13 **calendar year. No more than eight reductions shall be made under this subsection.**
14 **Reductions in the rate of tax shall take effect on January first of a calendar year and**
15 **such reduced rates shall continue in effect until the next reduction occurs.**

16 **(2) A reduction in the rate of tax shall occur only if the amount of revenue**
17 **collected from corporate income tax in the previous fiscal year exceeds the highest**
18 **amount of revenue collected from corporate income tax in any of the three fiscal years**
19 **prior to such fiscal year by at least ten million dollars. The ten-million-dollar threshold**
20 **of revenue collected from corporate income tax shall be adjusted by the percent**
21 **increase in inflation. The director shall publish the new revenue threshold annually**
22 **beginning on or after October 1, 2023.**

23 **(3) Any modification of tax rate under this subsection shall apply only to tax**
24 **years that begin on or after a modification takes effect.**

25 **(4) The director of the department of revenue shall, by rule, adjust the tax rate**
26 **under subsection 3 of this section to effectuate the provisions of this subsection.**

27 **(5) As used in this subsection, the following terms mean:**

28 **(a) "CPI", the Consumer Price Index for All Urban Consumers for the United**
29 **States as reported by the Bureau of Labor Statistics, or its successor index;**

30 **(b) "CPI for the preceding calendar year", the average of the CPI as of the close**
31 **of the twelve-month period ending on August thirty-first of such calendar year;**

32 **(c) "Percent increase in inflation", the percentage, if any, by which the CPI for**
33 **the preceding calendar year exceeds the CPI for the year beginning September 1, 2021,**
34 **and ending August 31, 2022.**

35 ~~5.~~ **5.** The provisions of this section shall not apply to out-of-state businesses
36 operating under sections 190.270 to 190.285.

143.131. 1. The Missouri standard deduction may be deducted in determining
2 Missouri taxable income of a resident individual unless the taxpayer or his **or her** spouse has
3 elected to itemize his **or her** deduction as provided in section 143.141.

4 **2. For all tax years ending on or before December 31, 2022,** the Missouri standard
5 deduction shall be the allowable federal standard deduction.

6 **3. For all tax years beginning on or after January 1, 2023,** the Missouri standard
7 deduction shall be the allowable federal standard deduction plus an additional three
8 thousand five hundred dollars for an individual taxpayer or an additional seven
9 thousand dollars for married taxpayers filing a combined return.

144.1021. The enactment of sections 143.177, 144.608, 144.637, 144.638, and
2 144.752 of this act; the repeal and reenactment of sections [~~143.011~~]; 144.011, 144.014,
3 144.020, 144.049, 144.054, 144.140, 144.526, and 144.605 of this act; and the repeal of
4 sections 144.710, 144.1000, 144.1003, 144.1006, 144.1009, 144.1012, and 144.1015 of this
5 act shall become effective January 1, 2023.

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