

HOUSE BILL NO. 2081

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BROWN (149).

4813H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to tax credits for certain engineering degrees.

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
2 known as section 135.005, to read as follows:

135.005. 1. For the purposes of this section, the following terms shall mean:

2 **(1) "Compensation":**

3 **(a) Payments in the form of contract labor for which the payer is required to**
4 **provide a federal tax form 1099 to the person paid;**

5 **(b) Wages that are subject to withholding tax imposed pursuant to sections**
6 **143.191 to 143.265 and paid to a part-time employee or full-time employee; and**

7 **(c) Any other salary or other remuneration.**

8

9 **"Compensation" shall not include employer-provided retirement, medical or health**
10 **care benefits, reimbursement for travel, meals, lodging, or any other expense;**

11 **(2) "Department", the Missouri department of economic development;**

12 **(3) "Qualified employee", any person newly employed on a full-time basis by or**
13 **first contracting with a qualified employer on a full-time basis on or after January 1,**
14 **2025, who has been awarded an undergraduate or graduate degree, or a technical**
15 **degree or certificate from a qualified program by a qualified institution;**

16 **(4) "Qualified employer", a sole proprietorship, general partnership, limited**
17 **partnership, limited liability company, corporation, other legally recognized business**

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 entity or public entity registered to do business in this state and whose principal
19 business activity involves the engineering sector;

20 (5) "Qualified institution", any public or private institution of higher education
21 that is accredited by a regional accrediting body or the engineering accreditation
22 commission of the accreditation board for engineering and technology (ABET);

23 (6) "Qualified program":

24 (a) A program that has been accredited by the engineering accreditation
25 commission of the accreditation board for engineering and technology (ABET) or a
26 regional accrediting body and that awards an undergraduate or graduate degree in
27 engineering; or

28 (b) A program that results in the awarding of a degree or certificate that
29 prepares the graduate for gainful employment with a qualified employer;

30 (7) "State tax liability", any liability incurred by a taxpayer pursuant to the
31 provisions of chapter 143, exclusive of the provisions relating to the withholding of tax
32 as provided for in sections 143.191 to 143.265 and related provisions;

33 (8) "Tax credit", a credit against the tax otherwise due under chapter 143,
34 excluding withholding tax imposed under sections 143.191 to 143.265;

35 (9) "Taxpayer", any individual subject to the state income tax imposed under
36 chapter 143, excluding the withholding tax imposed under sections 143.191 to 143.265;

37 (10) "Tuition", the amount paid for enrollment, program specific course fees,
38 and instruction in a qualified program that includes both amounts paid during
39 participation in a qualified program or tuition debt upon completion of a qualified
40 program. "Tuition" shall not include the cost of books, fees other than program specific
41 course fees, or room and board.

42 2. (1) For all tax years beginning on or after January 1, 2025, a taxpayer who is
43 a qualified employer shall be allowed a tax credit against the qualified employer's state
44 tax liability for tuition reimbursed to a qualified employee.

45 (2) The tax credit may be claimed only if the qualified employee has been
46 awarded an undergraduate or graduate degree, or technical degree or certificate from a
47 qualified program within one year prior to or following the commencement of
48 employment with a qualified employer, and may be claimed each year thereafter that
49 the qualified employee remains employed up to the fourth year of employment.

50 (3) The tax credit shall be in an amount equal to fifty percent of the tuition
51 reimbursed to a qualified employee during the tax year for which the tax credit is
52 claimed, except that in no event shall the tax credit exceed fifty percent of the average
53 annual amount paid by a qualified employee for enrollment and instruction in a
54 qualified program, as determined by the department.

55 **(4) The tax credit shall be applied against the qualified employer's state tax**
56 **liability after all other tax credits have been applied. Tax credits authorized by this**
57 **subsection shall not be transferred, sold, or assigned, and shall not be refundable or**
58 **carried forward to any other tax year.**

59 **3. (1) For all tax years beginning on or after January 1, 2025, a taxpayer who is**
60 **a qualified employer shall be allowed a tax credit against the qualified employer's state**
61 **tax liability for compensation paid during the tax year to a qualified employee. The tax**
62 **credit may be allowed for the first through fifth consecutive years of employment of the**
63 **qualified employee. The tax credit shall be equal to the following amounts:**

64 **(a) For qualified employees who received an undergraduate or graduate degree,**
65 **or technical degree or certificate from a qualified program awarded by a qualified**
66 **institution not located in this state, five percent of the compensation paid; or**

67 **(b) For qualified employees who received an undergraduate or graduate degree,**
68 **or technical degree or certificate from a qualified program awarded by a qualified**
69 **institution located in this state, ten percent of the compensation paid.**

70 **(2) Tax credits authorized by this subsection shall not exceed fifteen thousand**
71 **dollars for any single qualified employee in any given tax year, and shall not exceed a**
72 **total of seventy-five thousand dollars for any single qualified employee.**

73 **(3) The tax credit shall be applied against the qualified employer's state tax**
74 **liability after all other tax credits have been applied. Tax credits authorized by this**
75 **subsection shall not be transferred, sold, or assigned, and shall not be refundable or**
76 **carried forward to any other tax year.**

77 **(4) No tax credit shall be claimed for compensation paid to a qualified employee**
78 **after the fifth year of employment of the qualified employee.**

79 **4. (1) For all tax years beginning on or after January 1, 2025, a taxpayer who**
80 **becomes a qualified employee during the tax year shall be allowed a tax credit against**
81 **the taxpayer's state tax liability in an amount equal to five thousand dollars. The tax**
82 **credit may be claimed each year the taxpayer achieves the status of a qualified employee**
83 **for five consecutive tax years beginning with the tax year in which the taxpayer becomes**
84 **a qualified employee. No taxpayer shall claim tax credits pursuant to this subsection**
85 **that exceed a total of twenty-five thousand dollars.**

86 **(2) Tax credits authorized by this subsection shall not be transferred, sold, or**
87 **assigned, and shall not be refundable, but may be carried forward to subsequent tax**
88 **years, provided that a tax credit shall not be carried forward beyond the fourth tax year**
89 **succeeding the tax year in which the taxpayer initially claimed the tax credit.**

90 **5. (1) The department may adopt rules and regulations necessary or convenient**
91 **for the implementation and administration of this section. Any rule or portion of a rule,**

92 as that term is defined in section 536.010, that is created under the authority delegated
93 in this section shall become effective only if it complies with and is subject to all of the
94 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter
95 536 are nonseverable and if any of the powers vested with the general assembly
96 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
97 a rule are subsequently held unconstitutional, then the grant of rulemaking authority
98 and any rule proposed or adopted after August 28, 2024, shall be invalid and void.

99 (2) The department shall annually submit a written report to the general
100 assembly containing information regarding the cost and effectiveness of the provisions
101 of this section. The department also may include in the report any recommendations for
102 changes to state law necessary to implement the provisions of this section.

103 6. Pursuant to section 23.253 of the Missouri sunset act:

104 (1) The program authorized pursuant to this section shall automatically sunset
105 on December 31, 2030, unless reauthorized by an act of the general assembly; and

106 (2) If such program is reauthorized, the program authorized pursuant to this
107 section shall automatically sunset twelve years after the effective date of the
108 reauthorization; and

109 (3) This section shall terminate on September first of the calendar year
110 immediately following the calendar year in which the program authorized pursuant to
111 this section is sunset; and

112 (4) The provisions of this subsection shall not be construed to limit or in any way
113 impair the department's ability to redeem tax credits authorized on or before the date
114 the program authorized pursuant to this section expires, or a taxpayer's ability to
115 redeem such tax credits.

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