

FIRST REGULAR SESSION
[PERFECTED]
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 870
102ND GENERAL ASSEMBLY

1993H.02P

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 135, RSMo, by adding thereto four new sections relating to tax credits for child care.

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

Section A. Chapter 135, RSMo, is amended by adding thereto four new sections, to
2 be known as sections 135.1310, 135.1325, 135.1350, and 135.2560, to read as follows:

3 **135.1310. 1. This section shall be known and may be cited as the "Child Care**
4 **Contribution Tax Credit Act".**

5 **2. For purposes of this section, the following terms shall mean:**

6 **(1) "Child care", the same as defined in section 210.201;**

7 **(2) "Child care desert", a census tract that has a poverty rate of at least twenty**
8 **percent or a median family income of less than eighty percent of the statewide average**
9 **and where at least five hundred people or thirty-three percent of the population are**
10 **located at least one-half mile away from a child care provider in urbanized areas or at**
11 **least ten miles away in rural areas;**

12 **(3) "Child care provider", a child care provider as defined in section 210.201**
13 **that is licensed under section 210.221, or that is unlicensed and that is registered with**
14 **the department of elementary and secondary education;**

15 **(4) "Contribution", an eligible donation of cash, stock, bonds or other**
16 **marketable securities, or real property;**

17 **(5) "Department", the Missouri department of economic development;**

18 **(6) "Person related to the taxpayer", an individual connected with the taxpayer**
19 **by blood, adoption, or marriage, or an individual, corporation, partnership, limited**

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 liability company, trust, or association controlled by, or under the control of, the
19 taxpayer directly, or through an individual, corporation, limited liability company,
20 partnership, trust, or association under the control of the taxpayer;

21 (7) "Rural area", a town or community within the state that is not within a
22 metropolitan statistical area and has a population of six thousand or fewer inhabitants
23 as determined by the last preceding federal decennial census or any unincorporated
24 area not within a metropolitan statistical area;

25 (8) "State tax liability", in the case of a business taxpayer, any liability incurred
26 by such taxpayer under chapter 143 and chapter 148, exclusive of the provisions relating
27 to the withholding of tax as provided for in sections 143.191 to 143.265 and related
28 provisions, and in the case of an individual taxpayer, any liability incurred by such
29 taxpayer under chapter 143;

30 (9) "Tax credit", a credit against the taxpayer's state tax liability;

31 (10) "Taxpayer", a corporation as defined in section 143.441 or 143.471, any
32 charitable organization that is exempt from federal income tax and whose Missouri
33 unrelated business taxable income, if any, would be subject to the state income tax
34 imposed under chapter 143, or individuals or partnerships subject to the state income
35 tax imposed by the provisions of chapter 143.

36 3. For all tax years beginning on or after January 1, 2023, a taxpayer may claim
37 the tax credit authorized in this section against the taxpayer's state tax liability for the
38 tax year in which a verified contribution was made in an amount up to seventy-five
39 percent of the verified contribution to a child care provider. Any tax credit issued shall
40 not be less than one hundred dollars and shall not exceed two hundred thousand dollars
41 per tax year.

42 (1) The child care provider receiving a contribution shall, within sixty days of
43 the date it received the contribution, issue the taxpayer a contribution verification and
44 file a copy of the contribution verification with the department. The contribution
45 verification shall be in the form established by the department and shall include the
46 taxpayer's name, taxpayer's state or federal tax identification number or last four digits
47 of the taxpayer's Social Security number, amount of tax credit, amount of contribution,
48 legal name and address of the child care provider receiving the tax credit, the child care
49 provider's federal employer identification number, the child care provider's
50 departmental vendor number or license number, and the date the child care provider
51 received the contribution from the taxpayer. The contribution verification shall include
52 a signed attestation stating the child care provider will use the contribution solely to
53 promote child care.

54 **(2) The failure of the child care provider to timely issue the contribution**
55 **verification to the taxpayer or file it with the department shall entitle the taxpayer to a**
56 **refund of the contribution from the child care provider.**

57 **4. A donation is eligible when:**

58 **(1) The donation is used directly by a child care provider to promote child care**
59 **for children twelve years of age or younger, including by acquiring or improving child**
60 **care facilities, equipment, or services, or improving staff salaries, staff training, or the**
61 **quality of child care;**

62 **(2) The donation is made to a child care provider in which the taxpayer or a**
63 **person related to the taxpayer does not have a direct financial interest; and**

64 **(3) The donation is not made in exchange for care of a child or children in the**
65 **case of an individual taxpayer that is not an employer making a contribution on behalf**
66 **of its employees.**

67 **5. A child care provider that uses the contribution for an ineligible purpose shall**
68 **repay to the department the value of the tax credit for the contribution amount used for**
69 **an ineligible purpose.**

70 **6. The tax credits authorized by this section shall not be refundable and shall not**
71 **be transferred, sold, or otherwise conveyed. Any amount of approved tax credits that a**
72 **taxpayer is prohibited by this subsection from using for the tax year in which the credit**
73 **is first claimed may be carried back to the taxpayer's immediately prior tax year and**
74 **carried forward to the taxpayer's subsequent tax year for up to five succeeding tax**
75 **years.**

76 **7. Notwithstanding any provision of subsection 6 of this section to the contrary, a**
77 **taxpayer that is exempt, under 26 U.S.C. Section 501(c)(3), and any amendments**
78 **thereto, from all or part of the federal income tax shall be eligible for a refund of its tax**
79 **credit issued under this section, without regard to whether it has incurred any state tax**
80 **liability. Such exempt taxpayer may claim a refund of the tax credit on its tax return**
81 **required to be filed under the provisions of chapter 143, exclusive of the return for the**
82 **withholding of tax under sections 143.191 to 143.265. If such exempt taxpayer is not**
83 **required to file a tax return under the provisions of chapter 143, the exempt taxpayer**
84 **may claim a refund of the tax credit on a refund claim form prescribed by the**
85 **department of revenue. The department of revenue shall prescribe such forms,**
86 **instructions, and rules as it deems appropriate to carry out the provisions of this**
87 **subsection.**

88 **8. (1) The cumulative amount of tax credits authorized under this section shall**
89 **not exceed twenty million dollars for each calendar year. The department shall approve**
90 **tax credit applications on a first-come, first-served basis until the cumulative tax credit**

91 authorization limit is reached for the calendar year. A taxpayer shall apply to the
92 department for the child care contribution tax credit by submitting a copy of the
93 contribution verification provided by a child care provider to such taxpayer. Upon
94 receipt of the contribution verification, the department shall issue a tax credit certificate
95 to the applicant.

96 (2) If the maximum amount of tax credits allowed in any calendar year as
97 provided under subdivision (1) of this subsection is authorized, the maximum amount of
98 tax credits allowed under subdivision (1) of this subsection shall be increased by fifteen
99 percent, provided that all such increases in the allowable amount of tax credits shall be
100 reserved for contributions made to child care providers located in a child care desert.
101 The director of the department shall publish such adjusted amount.

102 9. The tax credits allowed under this section shall be considered a domestic and
103 social tax credit under subdivision (5) of subsection 2 of section 135.800.

104 10. All action and communication undertaken or required under this section
105 shall be exempt from section 105.1500.

106 11. The department may promulgate rules to implement and administer the
107 provisions of this section. Any rule or portion of a rule, as that term is defined in section
108 536.010, that is created under the authority delegated in this section shall become
109 effective only if it complies with and is subject to all of the provisions of chapter 536 and,
110 if applicable, section 536.028. This section and chapter 536 are nonseverable and if any
111 of the powers vested with the general assembly under chapter 536 to review, to delay the
112 effective date, or to disapprove and annul a rule are subsequently held unconstitutional,
113 then the grant of rulemaking authority and any rule proposed or adopted after August
114 28, 2023, shall be invalid and void.

115 12. Under section 23.253 of the Missouri sunset act:

116 (1) The provisions of the new program authorized under this section shall
117 automatically sunset December 31, 2029, unless reauthorized by an act of the general
118 assembly;

119 (2) If such program is reauthorized, the program authorized under this section
120 shall automatically sunset six years after the effective date of the reauthorization of this
121 section;

122 (3) This section shall terminate on September first of the calendar year
123 immediately following the calendar year in which the program authorized under this
124 section is sunset; and

125 (4) The provisions of this subsection shall not be construed to limit or in any way
126 impair the department of revenue's ability to redeem tax credits authorized on or before

127 the date the program authorized under this section expires, or a taxpayer's ability to
128 redeem such tax credits.

135.1325. 1. This section shall be known and may be cited as the "Employer
2 Provided Child Care Assistance Tax Credit Act".

3 2. For purposes of this section, the following terms shall mean:

4 (1) "Child care desert", a census tract that has a poverty rate of at least twenty
5 percent or a median family income of less than eighty percent of the statewide average
6 and where at least five hundred people or thirty-three percent of the population are
7 located at least one-half mile away from a child care provider in urbanized areas or at
8 least ten miles away in rural areas;

9 (2) "Child care facility", a child care facility as defined in section 210.201 that is
10 licensed under section 210.221, or that is unlicensed and that is registered with the
11 department of elementary and secondary education;

12 (3) "Department", the Missouri department of economic development;

13 (4) "Employer matching contribution", a contribution made by the taxpayer to
14 a cafeteria plan, as that term is used in 26 U.S.C. Section 125, of an employee of the
15 taxpayer, that matches a dollar amount or percentage of the employee's contribution to
16 the cafeteria plan, but this term does not include the amount of any salary reduction or
17 other compensation foregone by the employee in connection with the cafeteria plan;

18 (5) "Qualified child care expenditure", an amount paid of reasonable costs
19 incurred that meet any of the following:

20 (a) To acquire, construct, rehabilitate, or expand property that will be, or is,
21 used as part of a child care facility that is either operated by the taxpayer or contracted
22 with by the taxpayer and which does not constitute part of the principal residence of the
23 taxpayer or any employee of the taxpayer;

24 (b) For the operating costs of a child care facility of the taxpayer, including costs
25 relating to the training of employees, scholarship programs, and for compensation to
26 employees;

27 (c) Under a contract with a child care facility to provide child care services to
28 employees of the taxpayer; or

29 (d) As an employer matching contribution, but only to the extent such employer
30 matching contribution is restricted by the taxpayer solely for the taxpayer's employee to
31 obtain child care services at a child care facility and is used for that purpose during the
32 tax year;

33 (6) "Rural area", a town or community within the state that is not within a
34 metropolitan statistical area and has a population of six thousand or fewer inhabitants

35 as determined by the last preceding federal decennial census or any unincorporated
36 area not within a metropolitan statistical area;

37 (7) "State tax liability", in the case of a business taxpayer, any liability incurred
38 by such taxpayer under the provisions of chapter 143 and chapter 148, exclusive of the
39 provisions relating to the withholding of tax as provided for in sections 143.191 to
40 143.265 and related provisions, and in the case of an individual taxpayer, any liability
41 incurred by such taxpayer under the provisions of chapter 143;

42 (8) "Tax credit", a credit against the taxpayer's state tax liability;

43 (9) "Taxpayer", a corporation as defined in section 143.441 or 143.471, any
44 charitable organization that is exempt from federal income tax and whose Missouri
45 unrelated business taxable income, if any, would be subject to the state income tax
46 imposed under chapter 143, or individuals or partnerships subject to the state income
47 tax imposed by the provisions of chapter 143.

48 3. For all tax years beginning on or after January 1, 2023, a taxpayer may claim
49 a tax credit authorized in this section in an amount equal to thirty percent of the
50 qualified child care expenditures paid or incurred with respect to a child care facility.
51 The maximum amount of any tax credit issued under this section shall not exceed two
52 hundred thousand dollars per taxpayer per tax year.

53 4. A facility shall not be treated as a child care facility with respect to a taxpayer
54 unless the following conditions have been met:

55 (1) Enrollment in the facility is open to employees of the taxpayer during the tax
56 year; and

57 (2) If the facility is the principal business of the taxpayer, at least thirty percent
58 of the enrollees of such facility are dependents of employees of the taxpayer.

59 5. The tax credits authorized by this section shall not be refundable or
60 transferable. The tax credits shall not be sold, assigned, or otherwise conveyed. Any
61 amount of approved tax credits that a taxpayer is prohibited by this subsection from
62 using for the tax year in which the credit is first claimed may be carried back to the
63 taxpayer's immediately prior tax year and carried forward to the taxpayer's subsequent
64 tax year for up to five succeeding tax years.

65 6. Notwithstanding any provision of subsection 5 of this section to the contrary, a
66 taxpayer that is exempt, under 26 U.S.C. Section 501(c)(3), and any amendments
67 thereto, from all or part of the federal income tax shall be eligible for a refund of its tax
68 credit issued under this section, without regard to whether it has incurred any state tax
69 liability. Such exempt taxpayer may claim a refund of the tax credit on its tax return
70 required to be filed under the provisions of chapter 143, exclusive of the return for the
71 withholding of tax under sections 143.191 to 143.265. If such exempt taxpayer is not

72 required to file a tax return under the provisions of chapter 143, the exempt taxpayer
73 may claim a refund of the tax credit on a refund claim form prescribed by the
74 department of revenue. The department of revenue shall prescribe such forms,
75 instructions, and rules as it deems appropriate to carry out the provisions of this
76 subsection.

77 7. (1) The cumulative amount of tax credits authorized under this section shall
78 not exceed twenty million dollars for each calendar year. The department shall approve
79 tax credit applications on a first-come, first-served basis until the cumulative tax credit
80 authorization limit is reached for the calendar year.

81 (2) If the maximum amount of tax credits allowed in any calendar year as
82 provided under subdivision (1) of this subsection is authorized, the maximum amount of
83 tax credits allowed under subdivision (1) of this subsection shall be increased by fifteen
84 percent, provided that all such increases in the allowable amount of tax credits shall be
85 reserved for qualified child care expenditures for child care facilities located in a child
86 care desert. The director of the department shall publish such adjusted amount.

87 8. A taxpayer who has claimed a tax credit under this section shall notify the
88 department within sixty days of any cessation of operation, change in ownership, or
89 agreement to assume recapture liability as such terms are defined by 26 U.S.C. Section
90 45F, in the form and manner prescribed by department rule or instruction. If there is a
91 cessation of operation or change in ownership relating to a child care facility, the
92 taxpayer shall repay the department the applicable recapture percentage of the credit
93 allowed under this section, but this recapture amount shall be limited to the tax credit
94 allowed under this section. The recapture amount shall be considered a tax liability
95 arising on the tax payment due date for the tax year in which the cessation of operation,
96 change in ownership, or agreement to assume recapture liability occurred and shall be
97 assessed and collected under the same provisions that apply to a tax liability under
98 chapter 143 or chapter 148.

99 9. The tax credit allowed under this section shall be considered a domestic and
100 social tax credit under subdivision (5) of subsection 2 of section 135.800.

101 10. All action and communication undertaken or required under this section
102 shall be exempt from section 105.1500.

103 11. The department may promulgate rules to implement and administer the
104 provisions of this section. Any rule or portion of a rule, as that term is defined in section
105 536.010, that is created under the authority delegated in this section shall become
106 effective only if it complies with and is subject to all of the provisions of chapter 536 and,
107 if applicable, section 536.028. This section and chapter 536 are nonseverable and if any
108 of the powers vested with the general assembly under chapter 536 to review, to delay the

109 effective date, or to disapprove and annul a rule are subsequently held unconstitutional,
110 then the grant of rulemaking authority and any rule proposed or adopted after August
111 28, 2023, shall be invalid and void.

112 12. Under section 23.253 of the Missouri sunset act:

113 (1) The provisions of the new program authorized under this section shall
114 automatically sunset December 31, 2029, unless reauthorized by an act of the general
115 assembly;

116 (2) If such program is reauthorized, the program authorized under this section
117 shall automatically sunset six years after the effective date of the reauthorization of this
118 section;

119 (3) This section shall terminate on September first of the calendar year
120 immediately following the calendar year in which the program authorized under this
121 section is sunset; and

122 (4) The provisions of this subsection shall not be construed to limit or in any way
123 impair the department of revenue's ability to redeem tax credits authorized on or before
124 the date the program authorized under this section expires, or a taxpayer's ability to
125 redeem such tax credits.

135.1350. 1. This section shall be known and may be cited as the "Child Care
2 Providers Tax Credit Act".

3 2. For purposes of this section, the following terms shall mean:

4 (1) "Capital expenditures", expenses incurred by a child care provider, during
5 the tax year for which a tax credit is claimed under this section, for the construction,
6 renovation, or rehabilitation of a child care facility to the extent necessary to operate a
7 child care facility and comply with applicable child care facility regulations
8 promulgated by the department of elementary and secondary education;

9 (2) "Child care desert", a census tract that has a poverty rate of at least twenty
10 percent or a median family income of less than eighty percent of the statewide average
11 and where at least five hundred people or thirty-three percent of the population are
12 located at least one-half mile away from a child care provider in urbanized areas or at
13 least ten miles away in rural areas;

14 (3) "Child care facility", a child care facility as defined in section 210.201 that is
15 licensed under section 210.221, or that is unlicensed and that is registered with the
16 department of elementary and secondary education;

17 (4) "Child care provider", a child care provider as defined in section 210.201
18 that is licensed under section 210.221, or that is unlicensed and that is registered with
19 the department of elementary and secondary education;

20 (5) "Department", the department of elementary and secondary education;

21 (6) "Eligible employer withholding tax", the total amount of tax that the child
22 care provider was required, under section 143.191, to deduct and withhold from the
23 wages it paid to employees during the tax year for which the child care provider is
24 claiming a tax credit under this section, to the extent actually paid;

25 (7) "Employee", an employee, as that term is used in subsection 2 of section
26 143.191, of a child care provider who worked for the child care provider for an average
27 of at least ten hours per week for at least a three-month period during the tax year for
28 which a tax credit is claimed under this section and who is not an immediate family
29 member of the child care provider;

30 (8) "Rural area", a town or community within the state that is not within a
31 metropolitan statistical area and has a population of six thousand or fewer inhabitants
32 as determined by the last preceding federal decennial census or any unincorporated
33 area not within a metropolitan statistical area;

34 (9) "State tax liability", any liability incurred by the taxpayer under the
35 provisions of chapter 143, exclusive of the provisions relating to the withholding of tax
36 as provided for in sections 143.191 to 143.265 and related provisions;

37 (10) "Tax credit", a credit against the taxpayer's state tax liability;

38 (11) "Taxpayer", a corporation as defined in section 143.441 or 143.471, any
39 charitable organization that is exempt from federal income tax and whose Missouri
40 unrelated business taxable income, if any, would be subject to the state income tax
41 imposed under chapter 143, or an individual or partnership subject to the state income
42 tax imposed by the provisions of chapter 143.

43 3. For all tax years beginning on or after January 1, 2024, a child care provider
44 with three or more employees may claim a tax credit authorized in this section in an
45 amount equal to the child care provider's eligible employer withholding tax, and may
46 also claim a tax credit in an amount up to thirty percent of the child care provider's
47 capital expenditures. No tax credit for capital expenditures shall be allowed if the
48 capital expenditures are less than one thousand dollars. The amount of any tax credit
49 issued under this section shall not exceed two hundred thousand dollars per child care
50 provider per tax year.

51 4. To claim a tax credit authorized under this section, a child care provider shall
52 submit to the department, for preliminary approval, an application for the tax credit on
53 a form provided by the department and at such times as the department may require. If
54 the child care provider is applying for a tax credit for capital expenditures, the child
55 care provider shall present proof acceptable to the department that the child care
56 provider's capital expenditures satisfy the requirements of subdivision (1) of subsection

57 **2 of this section. Upon final approval of an application, the department shall issue the**
58 **child care provider a certificate of tax credit.**

59 **5. The tax credits authorized by this section shall not be refundable and shall not**
60 **be transferred, sold, assigned, or otherwise conveyed. Any amount of credit that**
61 **exceeds the child care provider's state tax liability for the tax year for which the tax**
62 **credit is issued may be carried back to the child care provider's immediately prior tax**
63 **year or carried forward to the child care provider's subsequent tax year for up to five**
64 **succeeding tax years.**

65 **6. Notwithstanding any provision of subsection 5 of this section to the contrary, a**
66 **child care provider that is exempt, under 26 U.S.C. Section 501(c)(3), and any**
67 **amendments thereto, from all or part of the federal income tax shall be eligible for a**
68 **refund of its tax credit issued under this section, without regard to whether it has**
69 **incurred any state tax liability. Such exempt child care provider may claim a refund of**
70 **the tax credit on its tax return required to be filed under the provisions of chapter 143,**
71 **exclusive of the return for the withholding of tax under sections 143.191 to 143.265. If**
72 **such exempt child care provider is not required to file a tax return under the provisions**
73 **of chapter 143, the exempt child care provider may claim a refund of the tax credit on a**
74 **refund claim form prescribed by the department of revenue. The department of**
75 **revenue shall prescribe such forms, instructions, and rules as it deems appropriate to**
76 **carry out the provisions of this subsection.**

77 **7. (1) The cumulative amount of tax credits authorized under this section shall**
78 **not exceed twenty million dollars for each calendar year. The department shall approve**
79 **tax credit applications on a first-come, first-served basis until the cumulative tax credit**
80 **authorization limit is reached for the calendar year.**

81 **(2) If the maximum amount of tax credits allowed in any calendar year as**
82 **provided under subdivision (1) of this subsection is authorized, the maximum amount of**
83 **tax credits allowed under subdivision (1) of this subsection shall be increased by fifteen**
84 **percent, provided that all such increases in the allowable amount of tax credits shall be**
85 **reserved for child care providers located in a child care desert. The director of the**
86 **department shall publish such adjusted amount.**

87 **8. The tax credit authorized by this section shall be considered a domestic and**
88 **social tax credit under subdivision (5) of subsection 2 of section 135.800.**

89 **9. All action and communication undertaken or required with respect to this**
90 **section shall be exempt from section 105.1500. Notwithstanding section 32.057 or any**
91 **other tax confidentiality law to the contrary, the department of revenue may disclose tax**
92 **information to the department for the purpose of the verification of a child care**
93 **provider's eligible employer withholding tax under this section.**

94 **10. The department may promulgate rules and adopt statements of policy,**
95 **procedures, forms, and guidelines to implement and administer the provisions of this**
96 **section. Any rule or portion of a rule, as that term is defined in section 536.010, that is**
97 **created under the authority delegated in this section shall become effective only if it**
98 **complies with and is subject to all of the provisions of chapter 536 and, if applicable,**
99 **section 536.028. This section and chapter 536 are nonseverable and if any of the powers**
100 **vested with the general assembly under chapter 536 to review, to delay the effective date,**
101 **or to disapprove and annul a rule are subsequently held unconstitutional, then the grant**
102 **of rulemaking authority and any rule proposed or adopted after August 28, 2023, shall**
103 **be invalid and void.**

104 **11. Under section 23.253 of the Missouri sunset act:**

105 **(1) The provisions of the new program authorized under this section shall**
106 **automatically sunset December 31, 2029, unless reauthorized by an act of the general**
107 **assembly;**

108 **(2) If such program is reauthorized, the program authorized under this section**
109 **shall automatically sunset six years after the effective date of the reauthorization of this**
110 **section;**

111 **(3) This section shall terminate on September first of the calendar year**
112 **immediately following the calendar year in which the program authorized under this**
113 **section is sunset; and**

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

135.2560. 1. This section shall be known and may be cited as the "Supporting
2 **Use of Child Care for Economic Stability and Security Tax Credit" or the "SUCCESS**
3 **Tax Credit".**

4 **2. The general assembly of this state finds that the availability of childcare**
5 **supports the well-being of children, families, the workforce, and society as a whole. The**
6 **SUCCESS tax credit is intended to support the use of child care by Missouri parents**
7 **who work or actively look for work, in order to promote economic stability and security.**

8 **3. For the purposes of this section, the following terms mean:**

9 **(1) "Department", the department of revenue;**

10 **(2) "Eligible taxpayer", a resident individual who:**

11 **(a) Is subject to the tax imposed under chapter 143, excluding withholding tax**
12 **imposed under sections 143.191 to 143.265;**

13 **(b) Has a status of:**

14 **a. Single, head of household, qualifying widow or widower, or married filing**
15 **separately and such individual has a Missouri adjusted gross income of no more than**
16 **seventy-five thousand dollars; or**

17 **b. Married filing combined and such individual has a combined Missouri**
18 **adjusted gross income of no more than one hundred fifty thousand dollars; and**

19 **(c) Is eligible to receive, and claims, a federal tax credit under 26 U.S.C. Section**
20 **21, as amended, relating to child and dependent care expenses, for the tax year for**
21 **which the tax credit under this section is sought;**

22 **(3) "Employment-related expenses", the same meaning as defined in 26 U.S.C.**
23 **Section 21, as amended;**

24 **(4) "Qualifying child", a qualifying child of the eligible taxpayer as defined in 26**
25 **U.S.C. Section 152, as amended, if the child was under six years of age at any time**
26 **during the tax year for which the tax credit is being sought;**

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

29 **4. For all tax years beginning on or after January 1, 2024, an eligible taxpayer**
30 **shall be allowed a nonrefundable tax credit equal to the eligible taxpayer's employment-**
31 **related expenses incurred for up to two qualifying children, but not exceeding the**
32 **following amounts per qualifying child:**

33 **(1) One thousand eight hundred dollars of such expenses for each such child who**
34 **was under two years of age at any time during the tax year for which the tax credit is**
35 **being sought; and**

36 **(2) One thousand two hundred dollars of such expenses for each such child who**
37 **was two years of age or older during all of the tax year and under six years of age at any**
38 **time during the tax year for which the tax credit is being sought.**

39 **5. The tax credit shall be claimed by an eligible taxpayer at the time such**
40 **taxpayer files a return and shall be applied against the income tax liability imposed by**
41 **chapter 143 after reduction for all other credits allowed thereon. The tax credit**
42 **authorized under this section shall be nontransferable and nonrefundable, and shall not**
43 **be carried back or forward to any other tax year.**

44 **6. For the same tax year or for overlapping tax years, a tax credit under this**
45 **proposal shall not be claimed by more than one taxpayer for the same child.**

46 **7. The department may promulgate rules and regulations to administer the**
47 **provisions of this section. Any rule or portion of a rule, as that term is defined in section**
48 **536.010, that is created under the authority delegated in this section shall become**
49 **effective only if it complies with and is subject to all of the provisions of chapter 536 and,**
50 **if applicable, section 536.028. This section and chapter 536 are nonseverable and if any**

51 of the powers vested with the general assembly under chapter 536 to review, to delay the
52 effective date, or to disapprove and annul a rule are subsequently held unconstitutional,
53 then the grant of rulemaking authority and any rule proposed or adopted after August
54 28, 2023, shall be invalid and void.

55 8. Under section 23.253 of the Missouri sunset act:

56 (1) The provisions of the new program authorized under this section shall
57 automatically sunset on December 31, 2029, unless reauthorized by an act of the general
58 assembly;

59 (2) If such program is reauthorized, the program authorized under this section
60 shall automatically sunset six years after the effective date of the reauthorization of this
61 section;

62 (3) This section shall terminate on September first of the calendar year
63 immediately following the calendar year in which the program authorized under this
64 section is sunset; and

65 (4) The provisions of this subsection shall not be construed to limit or in any way
66 impair the department's ability to redeem tax credits authorized on or before the date
67 the program authorized under this section expires, or a taxpayer's ability to redeem
68 such tax credits.

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