

SENATE BILL NO. 739

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR EIGEL.

3758S.011

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal section 143.011 as enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular session, and to enact in lieu thereof one new section relating to income taxes.

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

Section A. Section 143.011 as enacted by senate bills
2 nos. 153 & 97, one hundred first general assembly, first regular
3 session, is repealed and one new section enacted in lieu
4 thereof, to be known as section 143.011, to read as follows:

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

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

| | | |
|----|---------------------------|------------------------------|
| 14 | Over \$3,000 but not over | \$60 plus 3% of excess over |
| 15 | \$4,000 | \$3,000 |
| 16 | Over \$4,000 but not over | \$90 plus 3 1/2% of excess |
| 17 | \$5,000 | over \$4,000 |
| 18 | Over \$5,000 but not over | \$125 plus 4% of excess over |
| 19 | \$6,000 | \$5,000 |
| 20 | Over \$6,000 but not over | \$165 plus 4 1/2% of excess |
| 21 | \$7,000 | over \$6,000 |
| 22 | Over \$7,000 but not over | \$210 plus 5% of excess over |
| 23 | \$8,000 | \$7,000 |
| 24 | Over \$8,000 but not over | \$260 plus 5 1/2% of excess |
| 25 | \$9,000 | over \$8,000 |
| 26 | Over \$9,000 | \$315 plus 6% of excess over |
| 27 | | \$9,000 |

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

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

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

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

54 (5) Notwithstanding the provisions of subdivision (1)
55 of this subsection to the contrary, there shall be no
56 reduction under this subsection in the 2024 calendar year.
57 However, such reductions shall continue after the 2024
58 calendar year for subsequent calendar years.

59 3. (1) In addition to the rate reductions under
60 subsection 2 of this section, beginning with the 2019
61 calendar year, the top rate of tax under subsection 1 of
62 this section shall be reduced by four-tenths of one
63 percent. Such reduction in the rate of tax shall take
64 effect on January first of the 2019 calendar year.

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

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

71 4. (1) In addition to the rate reductions under
72 subsections 2 and 3 of this section, beginning with the 2024
73 calendar year, the top rate of tax under subsection 1 of
74 this section shall be reduced by one-tenth of one percent.

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

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

81 5. (1) In addition to the rate reductions under
82 subsections 2 to 4 of this section, beginning with the 2022
83 calendar year, the top rate of tax under subsection 1 of
84 this section may be reduced pursuant to subdivision (2) of
85 this subsection. Each reduction in the top rate of tax
86 shall be by one-tenth of one percent. Reductions in the
87 rate of tax shall take effect on January first of a calendar
88 year and such reduced rates shall continue in effect until
89 the next reduction occurs.

90 (2) (a) A reduction in the rate of tax pursuant to
91 this subsection shall only occur if net general revenue
92 collected in a fiscal year exceeds baseline net general
93 revenue collections. An additional reduction shall be made
94 for every one hundred forty-five million dollars of net
95 general revenue collected during a fiscal year that is in
96 excess of baseline net general revenue collections, and more
97 than one reduction may occur in a calendar year.

98 (b) Reductions in the rate of tax made pursuant to
99 this subsection shall be permanent and the rate of tax shall
100 not be increased if net general revenue collected in a
101 fiscal year is less than baseline net general revenue
102 collections.

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

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

109 **6.** Beginning with the 2017 calendar year, the brackets
110 of Missouri taxable income identified in subsection 1 of
111 this section shall be adjusted annually by the percent
112 increase in inflation. The director shall publish such
113 brackets annually beginning on or after October 1, 2016.
114 Modifications to the brackets shall take effect on January
115 first of each calendar year and shall apply to tax years
116 beginning on or after the effective date of the new brackets.

117 **[6.] 7.** As used in this section, the following terms
118 mean:

119 **(1) "Baseline net general revenue collections", ten**
120 **billion, three hundred million dollars, increased by one**
121 **hundred forty-five million dollars for every reduction in**
122 **the rate of tax made pursuant to subsection 5 of this**
123 **section.**

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

127 **[(2)] (3) "CPI for the preceding calendar year", the**
128 **average of the CPI as of the close of the twelve month**
129 **period ending on August thirty-first of such calendar year;**

130 **[(3)] (4) "Net general revenue collected", all revenue**
131 **deposited into the general revenue fund, less refunds and**
132 **revenues originally deposited into the general revenue fund**
133 **but designated by law for a specific distribution or**
134 **transfer to another state fund;**

135 **[(4)] (5) "Percent increase in inflation", the**
136 **percentage, if any, by which the CPI for the preceding**

137 calendar year exceeds the CPI for the year beginning
138 September 1, 2014, and ending August 31, 2015.

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