

FIRST REGULAR SESSION

# HOUSE BILL NO. 394

98TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE LAFAVER.

1135L.011

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating solely to the creation of an earned income tax credit.

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*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 135.760, to read as follows:

**135.760. 1. This section shall be known and may be cited as the "Missouri Earned Income Tax Credit Act".**

**2. For all taxable years beginning on or after January 1, 2015, a resident individual who is allowed a federal earned income tax credit under Section 32 of the Internal Revenue Code of 1986, as amended, shall be allowed a credit against the tax otherwise due under chapter 143, not including sections 143.191 to 143.265, in an amount equal to twenty percent of the allowable federal earned income tax credit. The tax credit allowed by this section shall be claimed by such individual at the time such individual files a return and shall be applied against the income tax liability imposed by chapter 143 after reduction for all other credits allowed thereon. For taxpayers whose filing status is married filing separately, such taxpayers may elect to apply the tax credit to the income tax liability of either taxpayer, or may elect to apply the tax credit evenly to the income tax liability of each spouse. Where the amount of the credit exceeds the tax liability, the difference shall be refunded to the taxpayer.**

**3. Notwithstanding the provision of subsection 4 of section 32.057, the department of revenue or any duly authorized employee or agent shall determine whether any taxpayer filing a report or return with the department of revenue who has not applied for the credit**

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 allowed under this section may qualify for the credit, and shall notify any qualified  
19 claimant of the claimant's potential eligibility, where the department determines such  
20 potential eligibility exists. In making a determination of eligibility under this section, the  
21 department shall use any appropriate and available data, including but not limited to data  
22 available from the Internal Revenue Service, the United States Department of Treasury,  
23 and state income tax returns from previous tax years.

24 4. The department shall prepare an annual report containing statistical information  
25 regarding the tax credits issued under this section for the previous tax year, including the  
26 total amount of revenue expended on the earned income tax credit, the number of credits  
27 claimed, and the average value of the credits issued to taxpayers whose earned income falls  
28 within various income ranges determined by the department.

29 5. The department shall contract with one or more nonprofit groups to provide  
30 notice of the earned income tax credit to eligible taxpayers. The department shall require  
31 evidence of the effectiveness of the nonprofit group, the connection with the community in  
32 which the group operates, and the ability to contact taxpayers that are unlikely to claim  
33 the federal earned income tax credit, including but not limited to non-English speakers,  
34 elderly, tenants, and very low-income taxpayers who do not file tax returns annually. The  
35 department shall give preference to nonprofit groups with members in low- and moderate-  
36 income areas, nonprofit groups with at least fifty-one percent of the board of directors  
37 having low- to moderate-incomes and residents of target communities, and to nonprofit  
38 groups that have a record of effective door-to-door outreach for similar community  
39 projects.

40 6. The director of the department of revenue shall promulgate rules and regulations  
41 to administer the provisions of this section. Any rule or portion of a rule, as that term is  
42 defined in section 536.010, that is created under the authority delegated in this section shall  
43 become effective only if it complies with and is subject to all of the provisions of chapter  
44 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and  
45 if any of the powers vested with the general assembly pursuant to chapter 536 to review,  
46 to delay the effective date, or to disapprove and annul a rule are subsequently held  
47 unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted  
48 after August 28, 2015, shall be invalid and void.

49 7. Under section 23.253 of the Missouri sunset act:

50 (1) The provisions of the new program authorized under this section shall  
51 automatically sunset on December thirty-first six years after the effective date of this  
52 section unless reauthorized by an act of the general assembly; and

53           **(2) If such program is reauthorized, the program authorized under this section**  
54 **shall automatically sunset on December thirty- first twelve years after the effective date of**  
55 **the reauthorization of this section; and**

56           **(3) This section shall terminate on September first of the calendar year immediately**  
57 **following the calendar year in which the program authorized under this section is sunset.**

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