

HOUSE BILL NO. 1238

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MORGAN.

2027H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 143.011, 143.021, and 143.171, RSMo, and to enact in lieu thereof four new sections relating to individual income tax, with a referendum clause.

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

Section A. Sections 143.011, 143.021, and 143.171, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 143.011, 143.021, 143.171, and 143.176, to read as follows:

143.011. 1. A tax is hereby imposed for every taxable year on the Missouri taxable income of every resident.

2. For all taxable years ending on or before December 31, 2016, 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 |
| 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 |

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.

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

28 [2. (1) Beginning with the 2017 calendar year, the top rate of tax under subsection 1 of
 29 this section may be reduced over a period of years. Each reduction in the top rate of tax shall be
 30 by one-tenth of a percent and no more than one reduction shall occur in a calendar year. The top
 31 rate of tax shall not be reduced below five and one-half percent. Reductions in the rate of tax
 32 shall take effect on January first of a calendar year and such reduced rates shall continue in effect
 33 until the next reduction occurs.

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

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

40 (4) The director of the department of revenue shall, by rule, adjust the tax tables under
 41 subsection 1 of this section to effectuate the provisions of this subsection. The bracket for
 42 income subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced
 43 to five and one-half of a percent.]

44 3. [Beginning with the 2017 calendar year, the brackets of Missouri taxable income
 45 identified in subsection 1 of this section shall be adjusted annually by the percent increase in
 46 inflation. The director shall publish such brackets annually beginning on or after October 1,
 47 2016. Modifications to the brackets shall take effect on January first of each calendar year and
 48 shall apply to tax years beginning on or after the effective date of the new brackets] **(1) For all**
 49 **taxable years beginning on or after January 1, 2017, the tax shall be determined by**
 50 **applying the following percentages:**

51 **(a) For Missouri taxable income of less than two thousand dollars, the tax shall be**
 52 **one and one-half percent of the Missouri taxable income;**

53 **(b) For Missouri taxable income of at least two thousand dollars but not more than**
54 **four thousand dollars, the tax shall be two and one-half percent of the Missouri taxable**
55 **income;**

56 **(c) For Missouri taxable income of more than four thousand dollars but not more**
57 **than six thousand dollars, the tax shall be three and one-half percent of the Missouri**
58 **taxable income;**

59 **(d) For Missouri taxable income of more than six thousand dollars but not more**
60 **than eight thousand dollars, the tax shall be four and one-half percent of the Missouri**
61 **taxable income;**

62 **(e) For Missouri taxable income of more than eight thousand dollars but not more**
63 **than ten thousand dollars, the tax shall be five and one-half percent of the Missouri taxable**
64 **income;**

65 **(f) For Missouri taxable income of more than ten thousand dollars but not more**
66 **than twelve thousand dollars, the tax shall be six and one-fourth percent of the Missouri**
67 **taxable income;**

68 **(g) For Missouri taxable income of more than twelve thousand dollars but not more**
69 **than fourteen thousand dollars, the tax shall be six and three-fourths percent of the**
70 **Missouri taxable income;**

71 **(h) For Missouri taxable income of more than fourteen thousand dollars but not**
72 **more than sixteen thousand dollars, the tax shall be seven and one-fourth percent of the**
73 **Missouri taxable income;**

74 **(i) For Missouri taxable income of more than sixteen thousand dollars but not more**
75 **than eighteen thousand dollars, the tax shall be seven and one-half percent of the Missouri**
76 **taxable income;**

77 **(j) For Missouri taxable income of more than eighteen thousand dollars but not**
78 **more than twenty thousand dollars, the tax shall be eight and one-fourth percent of the**
79 **Missouri taxable income;**

80 **(k) For Missouri taxable income of more than twenty thousand dollars but not**
81 **more than fifty thousand dollars, the tax shall be eight and one-half percent of the Missouri**
82 **taxable income; and**

83 **(l) For Missouri taxable income of more than fifty thousand dollars, the tax shall**
84 **be nine percent of the Missouri taxable income.**

85 **(2) The dollar amounts listed in each paragraph of subdivision (1) of this subsection**
86 **shall be increased annually by the same percentage as the increase over the previous year**
87 **in the Consumer Price Index for All Urban Consumers (CPI-U) as prepared by the United**
88 **States Bureau of Labor Statistics, or its successor index.**

89 [4. As used in this section, the following terms mean:

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

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

94 (3) "Percent increase in inflation", the percentage, if any, by which the CPI for the
95 preceding calendar year exceeds the CPI for the year beginning September 1, 2014, and ending
96 August 31, 2015.]

143.021. **1. For all tax years ending on or before December 31, 2016**, every resident
2 having a taxable income shall determine his or her tax from the rates provided in **subsection 2**
3 **of** section 143.011. There shall be no tax on a taxable income of less than one hundred dollars.

4 **2. (1) For all tax years beginning on or after January 1, 2017, every resident having**
5 **a taxable income of less than fifty thousand dollars, or the adjusted dollar amount if the**
6 **dollar amounts in subdivision (1) of subsection 3 of section 143.011 are adjusted as**
7 **provided in subdivision (2) of subsection 3 of section 143.011, shall determine the**
8 **taxpayer's tax from a tax table prescribed by the director of revenue and based upon the**
9 **rates provided and adjusted in subsection 3 of section 143.011. The tax table shall be on**
10 **the basis of one hundred dollar increments of taxable income below fifty thousand dollars**
11 **or such adjusted dollar amount. The tax provided in the table shall be the amount**
12 **rounded to the nearest whole dollar by applying the rates in subsection 3 of section 143.011**
13 **to the taxable income at the midpoint of each increment, except there shall be no tax on a**
14 **taxable income of less than one hundred dollars. Every resident having a taxable income**
15 **of fifty thousand dollars or such adjusted dollar amount or more shall determine the**
16 **taxpayer's tax from the rate provided in subsection 3 of section 143.011.**

17 **(2) The director shall adjust the tax table required by this subsection as the dollar**
18 **amounts in subsection 3 of section 143.011 are adjusted.**

143.171. 1. For all tax years beginning on or after January 1, 1994, **but ending on or**
2 **before December 31, 2016**, an individual taxpayer shall be allowed a deduction for his federal
3 income tax liability under Chapter 1 of the Internal Revenue Code for the same taxable year for
4 which the Missouri return is being filed, not to exceed five thousand dollars on a single
5 taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits
6 thereon, except the credit for payments of federal estimated tax, the credit for the overpayment
7 of any federal tax, and the credits allowed by the Internal Revenue Code by Section 31 (tax
8 withheld on wages), Section 27 (tax of foreign country and United States possessions), and
9 Section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).

10 2. For all tax years beginning on or after September 1, 1993, a corporate taxpayer shall
 11 be allowed a deduction for fifty percent of its federal income tax liability under Chapter 1 of the
 12 Internal Revenue Code for the same taxable year for which the Missouri return is being filed
 13 after reduction for all credits thereon, except the credit for payments of federal estimated tax, the
 14 credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue
 15 Code by Section 31 (tax withheld on wages), Section 27 (tax of foreign country and United
 16 States possessions), and Section 34 (tax on certain uses of gasoline, special fuels and lubricating
 17 oils).

18 3. If a federal income tax liability for a tax year prior to the applicability of sections
 19 143.011 to 143.996 for which he was not previously entitled to a Missouri deduction is later paid
 20 or accrued, he may deduct the federal tax in the later year to the extent it would have been
 21 deductible if paid or accrued in the prior year.

**143.176. 1. For all taxable years beginning on or after January 1, 2017, a resident
 2 taxpayer shall be allowed a credit against the tax otherwise due under this chapter,
 3 excluding withholding tax imposed by sections 143.191 to 143.265, for each eligible person
 4 listed in subsection 2 of this section.**

**5 2. The credit authorized in this section may be claimed in the following amounts
 6 for each of the following eligible individuals:**

**7 (1) Any resident taxpayer whose filing status is single or married filing separately
 8 and whose federal adjusted gross income is less than thirty thousand dollars may claim a
 9 credit of two hundred dollars for the taxpayer;**

**10 (2) Any resident taxpayer whose filing status is single or married filing separately
 11 and whose federal adjusted gross income is at least thirty thousand dollars but not more
 12 than fifty thousand dollars may claim a credit for the taxpayer, the taxpayer's spouse, and
 13 any other individual such taxpayer is authorized to claim as a dependent on the taxpayer's
 14 income tax returns according to the following schedule:**

| Federal adjusted gross income | Tax credit amount per eligible person |
|--------------------------------------|--------------------------------------------------|
| 18 \$30,000 to 31,000 | \$191.00 |
| 19 \$31,001 to 32,000 | \$181.00 |
| 20 \$32,001 to 33,000 | \$172.00 |
| 21 \$33,001 to 34,000 | \$162.00 |
| 22 \$34,001 to 35,000 | \$153.00 |
| 23 \$35,001 to 36,000 | \$143.00 |
| 24 \$36,001 to 37,000 | \$134.00 |

| | | |
|----|---------------------------|-----------------|
| 25 | \$37,001 to 38,000 | \$124.00 |
| 26 | \$38,001 to 39,000 | \$115.00 |
| 27 | \$39,001 to 40,000 | \$105.00 |
| 28 | \$40,001 to 41,000 | \$ 96.00 |
| 29 | \$41,001 to 42,000 | \$ 86.00 |
| 30 | \$42,001 to 43,000 | \$ 77.00 |
| 31 | \$43,001 to 44,000 | \$ 67.00 |
| 32 | \$44,001 to 45,000 | \$ 58.00 |
| 33 | \$45,001 to 46,000 | \$ 48.00 |
| 34 | \$46,001 to 47,000 | \$ 39.00 |
| 35 | \$47,001 to 48,000 | \$ 29.00 |
| 36 | \$48,001 to 49,000 | \$ 20.00 |
| 37 | \$49,001 to 50,000 | \$ 10.00 |

38 **(3) Any resident taxpayer whose filing status is head of household or married filing**
 39 **jointly and whose federal adjusted gross income is less than sixty thousand dollars may**
 40 **claim a credit of two hundred dollars for the taxpayer;**

41 **(4) Any resident taxpayer whose filing status is head of household or married filing**
 42 **jointly and whose federal adjusted gross income is at least sixty thousand dollars but not**
 43 **more than eighty thousand dollars may claim a credit for the taxpayer, the taxpayer's**
 44 **spouse, and any other individual such taxpayer is authorized to claim as a dependent on**
 45 **the taxpayer's income tax returns according to the following schedule:**

46

| 47 | Federal adjusted gross income | Tax credit amount per |
|----|--------------------------------------|------------------------------|
| 48 | | eligible person |
| 49 | \$60,000 to 61,000 | \$191.00 |
| 50 | \$61,001 to 62,000 | \$181.00 |
| 51 | \$62,001 to 63,000 | \$172.00 |
| 52 | \$63,001 to 64,000 | \$162.00 |
| 53 | \$64,001 to 65,000 | \$153.00 |
| 54 | \$65,001 to 66,000 | \$143.00 |
| 55 | \$66,001 to 67,000 | \$134.00 |
| 56 | \$67,001 to 68,000 | \$124.00 |
| 57 | \$68,001 to 69,000 | \$115.00 |
| 58 | \$69,001 to 70,000 | \$105.00 |
| 59 | \$70,001 to 71,000 | \$ 96.00 |
| 60 | \$71,001 to 72,000 | \$ 86.00 |

| | | |
|----|---------------------------|-----------------|
| 61 | \$72,001 to 73,000 | \$ 77.00 |
| 62 | \$73,001 to 74,000 | \$ 67.00 |
| 63 | \$74,001 to 75,000 | \$ 58.00 |
| 64 | \$75,001 to 76,000 | \$ 48.00 |
| 65 | \$76,001 to 77,000 | \$ 39.00 |
| 66 | \$77,001 to 78,000 | \$ 29.00 |
| 67 | \$78,001 to 79,000 | \$ 20.00 |
| 68 | \$79,001 to 80,000 | \$ 10.00 |

69 **3. If the amount allowable as a credit exceeds the income tax reduced by other**
70 **credits, then the excess shall be considered an overpayment of the income tax, and shall be**
71 **refundable.**

72 **4. The federal adjusted gross income dollar amounts and the tax credit amount per**
73 **eligible person dollar amounts listed in subsection 2 of this section shall be increased**
74 **annually by the same percentage as the increase over the previous year in the Consumer**
75 **Price Index for All Urban Consumers (CPI-U) as prepared by the United States Bureau**
76 **of Labor Statistics, or its successor index.**

77 **5. The department of revenue may promulgate rules to implement the provisions**
78 **of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that**
79 **is created under the authority delegated in this section shall become effective only if it**
80 **complies with and is subject to all of the provisions of chapter 536 and, if applicable,**
81 **section 536.028. This section and chapter 536 are nonseverable, and if any of the powers**
82 **vested with the general assembly pursuant to chapter 536 to review, to delay the effective**
83 **date, or to disapprove and annul a rule are subsequently held unconstitutional, then the**
84 **grant of rulemaking authority and any rule proposed or adopted after the August 28, 2015,**
85 **shall be invalid and void.**

Section B. This act is hereby submitted to the qualified voters of this state for approval
2 or rejection at an election which is hereby ordered and which shall be held and conducted on the
3 Tuesday immediately following the first Monday in November, 2015, or at a special election to
4 be called by the governor for that purpose, under the laws and constitutional provisions of this
5 state applicable to general elections and the submission of referendum measures by initiative
6 petition, and it shall become effective when approved by a majority of the votes cast thereon at
7 such election and not otherwise.

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