

HOUSE BILL NO. 2846

101ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MCGIRL.

5480H.011

DANA RADEMAN MILLER, Chief Clerk

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 tax.

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

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Section 143.011 as enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular session, is repealed and one new section enacted in lieu thereof, to be known as section 143.011, to read as follows:

143.011. 1. **For all tax years ending on or before December 31, 2022**, a tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. 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

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.

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Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000
Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over \$7,000
Over \$8,000 but not over \$9,000	\$260 plus 5 1/2% of excess over \$8,000
Over \$9,000	\$315 plus 6% of excess over \$9,000

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2. (1) Beginning with the 2017 calendar year **and ending on or before December 31, 2022**, the top rate of tax under subsection 1 of this section may be reduced over a period of years. Each reduction in the top rate of tax shall be by one-tenth of a percent and no more than one reduction shall occur in a calendar year. No more than seven reductions shall be made under this subsection. Reductions in the rate of tax shall take effect on January first of a calendar year and such reduced rates shall continue in effect until the next reduction occurs.

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

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

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

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

3. (1) In addition to the rate reductions under subsection 2 of this section, beginning with the 2019 calendar year, the top rate of tax under subsection 1 of this section shall be reduced by four-tenths of one percent. Such reduction in the rate of tax shall take effect on January first of the 2019 calendar year **and end on or before December 31, 2022**.

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

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

55 ~~[4. (1) In addition to the rate reductions under subsections 2 and 3 of this section,
 56 beginning with the 2024 calendar year, the top rate of tax under subsection 1 of this section
 57 shall be reduced by one-tenth of one percent.~~

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

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

62 ~~5.]~~ **4.** Beginning with the 2017 calendar year **and ending on or before December 31,**
 63 **2022,** the brackets of Missouri taxable income identified in subsection 1 of this section shall
 64 be adjusted annually by the percent increase in inflation. The director shall publish such
 65 brackets annually beginning on or after October 1, 2016. Modifications to the brackets shall
 66 take effect on January first of each calendar year and shall apply to tax years beginning on or
 67 after the effective date of the new brackets.

68 ~~[6.]~~ **5.** As used in this section, the following terms mean:

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

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

73 (3) "Net general revenue collected", all revenue deposited into the general revenue
 74 fund, less refunds and revenues originally deposited into the general revenue fund but
 75 designated by law for a specific distribution or transfer to another state fund;

76 (4) "Percent increase in inflation", the percentage, if any, by which the CPI for the
 77 preceding calendar year exceeds the CPI for the year beginning September 1, 2014, and
 78 ending August 31, 2015.

79 **6. For all tax years beginning on or after January 1, 2023, a tax is hereby**
 80 **imposed for every tax year on the Missouri taxable income of every resident. The tax**
 81 **shall be determined by applying the tax table or the rate provided in section 143.021,**
 82 **which is based upon the following rates:**

If the Missouri taxable income is:	The tax is:
\$9,000.00 and under	$(TI \times F \div C + 0.015) \times TI$

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Over \$9,000.00	$T - [D \div (TI \times F)] \times TI$
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88 For purposes of the tax brackets in this subsection, "TI" is the amount of taxable
 89 income, "F" is the filing period number, "C" is a variable equal to 513,640.00, "T" is a
 90 variable equal to 0.053, and "D" is a variable equal to 184.3.

91 7. (1) Beginning with the 2023 calendar year, the value of variable "T" under
 92 subsection 6 of this section may be reduced over a period of years. Each reduction in the
 93 value of variable "T" shall be by one-tenth of one percent and no more than one
 94 reduction shall occur in a calendar year. Not more than seven reductions shall be made
 95 under this subsection. Reductions in the value of variable "T" shall take effect on
 96 January first of a calendar year and such reductions shall continue in effect until the
 97 next reduction occurs.

98 (2) A reduction in the value of variable "T" shall only occur if the amount of net
 99 general revenue collected in the previous fiscal year exceeds the highest amount of net
 100 general revenue collected in any of the three fiscal years prior to such fiscal year by at
 101 least one hundred fifty million dollars.

102 (3) Any modification of the value of variable "T" under this subsection shall
 103 only apply to tax years that begin on or after a modification takes effect.

104 (4) Notwithstanding the provisions of subdivision (1) of this subsection to the
 105 contrary, there shall be no reduction under this subsection in the 2024 calendar year.
 106 However, such reductions shall continue after the 2024 calendar year for subsequent
 107 calendar years.

108 8. (1) In addition to the rate reductions under subsection 7 of this section,
 109 beginning with the 2024 calendar year, the value of variable "T" under subsection 6 of
 110 this section shall be reduced by one-tenth of one percent.

111 (2) The modification of the value of variable "T" under this subsection shall
 112 apply only to tax years that begin on or after the date the modification takes effect.

113 (3) The director of the department of revenue shall, by rule, adjust the tax tables
 114 under subsection 6 of this section to effectuate the provisions of this subsection.

115 9. Beginning with the 2023 calendar year, the brackets of Missouri taxable
 116 income identified in subsection 6 of this section shall be adjusted annually by the percent
 117 increase in inflation. The director shall publish such brackets annually beginning on or
 118 after October 1, 2022. Modifications to the brackets shall take effect on January first of
 119 each calendar year and shall apply to tax years beginning on or after the effective date
 120 of the new brackets.