

FIRST EXTRAORDINARY SESSION OF THE  
SECOND REGULAR SESSION  
**HOUSE BILL NO. 10**

**101ST GENERAL ASSEMBLY**

INTRODUCED BY REPRESENTATIVE DAVIDSON.

5999H.011

DANA RADEMAN MILLER, Chief Clerk

**AN ACT**

To repeal sections 143.071, 143.131, 143.171, and 144.1021, RSMo, and section 143.011 as enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular session, and section 143.011 as enacted by house bill no. 2540 merged with senate bill no. 884, ninety-ninth general assembly, second regular session, and to enact in lieu thereof five new sections relating to income tax.

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

Section A. Sections 143.071, 143.131, 143.171, and 144.1021, RSMo, and section 143.011 as enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular session, and section 143.011 as enacted by house bill no. 2540 merged with senate bill no. 884, ninety-ninth general assembly, second regular session, are repealed and five new sections enacted in lieu thereof, to be known as sections 143.011, 143.071, 143.131, 143.171, and 144.1021, to read as follows: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

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.

10	Over \$2,000 but not over	\$35 plus 2 1/2% of excess over \$2,000
11	\$3,000	
12	Over \$3,000 but not over	\$60 plus 3% of excess over \$3,000
13	\$4,000	
14	Over \$4,000 but not over	\$90 plus 3 1/2% of excess over \$4,000
15	\$5,000	
16	Over \$5,000 but not over	\$125 plus 4% of excess over \$5,000
17	\$6,000	
18	Over \$6,000 but not over	\$165 plus 4 1/2% of excess over \$6,000
19	\$7,000	
20	Over \$7,000 but not over	\$210 plus 5% of excess over \$7,000
21	\$8,000	
22	Over \$8,000 but not over	\$260 plus 5 1/2% of excess over \$8,000
23	\$9,000	
24	Over \$9,000	\$315 plus 6% of excess over \$9,000

25           2. (1) Beginning with the 2017 calendar year, **but ending on December 31, 2022,**  
 26 the top rate of tax under subsection 1 of this section may be reduced over a period of years.  
 27 Each reduction in the top rate of tax shall be by one-tenth of a percent and no more than one  
 28 reduction shall occur in a calendar year. No more than seven reductions shall be made under  
 29 this subsection. Reductions in the rate of tax shall take effect on January first of a calendar  
 30 year and such reduced rates shall continue in effect until the next reduction occurs.

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

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

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

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

46           3. (1) In addition to the rate reductions under subsection 2 of this section, beginning  
47 with the 2019 calendar year, **but ending on December 31, 2022**, the top rate of tax under  
48 subsection 1 of this section shall be reduced by four-tenths of one percent. Such reduction in  
49 the rate of tax shall take effect on January first of the 2019 calendar year.

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

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

54           4. ~~[(1) In addition to the rate reductions under subsections 2 and 3 of this section,~~  
55 ~~beginning with the 2024 calendar year, the top rate of tax under subsection 1 of this section~~  
56 ~~shall be reduced by one-tenth of one percent.~~

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

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

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

67           **5. Beginning January 1, 2023, a tax of four and one-half percent is hereby**  
68 **imposed for every tax year on the Missouri taxable income of every resident.**

69           **6. (1) Beginning with the 2024 calendar year, the rate of tax under subsection 5**  
70 **of this section may be reduced over a period of years. Each reduction in the rate of tax**  
71 **shall be by one-tenth of a percent and more than one reduction may occur per calendar**  
72 **year. Reductions in the rate of tax shall take effect on January first of a calendar year**  
73 **and such reduced rates shall continue in effect until the next reduction occurs.**

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

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

80           (4) The director of the department of revenue shall, by rule, adjust the tax rate  
81 under subsection 5 of this section to effectuate the provisions of this subsection.

82           [6.] 7. As used in this section, the following terms mean:

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

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

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

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

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

25 2. (1) ~~Beginning with the 2017 calendar year, the top rate of tax under~~  
 26 ~~subsection 1 of this section may be reduced over a period of years. Each~~  
 27 ~~reduction in the top rate of tax shall be by one-tenth of a percent and no more~~  
 28 ~~than one reduction shall occur in a calendar year. No more than five~~  
 29 ~~reductions shall be made under this subsection. Reductions in the rate of tax~~

30 shall take effect on January first of a calendar year and such reduced rates shall  
31 ~~continue in effect until the next reduction occurs.~~

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

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

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

44 ~~3. (1) In addition to the rate reductions under subsection 2 of this~~  
45 ~~section, beginning with the 2019 calendar year, the top rate of tax under~~  
46 ~~subsection 1 of this section shall be reduced by four-tenths of one percent.~~  
47 ~~Such reduction in the rate of tax shall take effect on January first of the 2019~~  
48 ~~calendar year.~~

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

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

54 ~~4. Beginning with the 2017 calendar year, the brackets of Missouri~~  
55 ~~taxable income identified in subsection 1 of this section shall be adjusted~~  
56 ~~annually by the percent increase in inflation. The director shall publish such~~  
57 ~~brackets annually beginning on or after October 1, 2016. Modifications to the~~  
58 ~~brackets shall take effect on January first of each calendar year and shall apply~~  
59 ~~to tax years beginning on or after the effective date of the new brackets.~~

60 ~~5. As used in this section, the following terms mean:~~

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

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

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

71 ~~(4) "Percent increase in inflation", the percentage, if any, by which the~~  
72 ~~CPI for the preceding calendar year exceeds the CPI for the year beginning~~  
73 ~~September 1, 2014, and ending August 31, 2015.]~~

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby  
2 imposed upon the Missouri taxable income of corporations in an amount equal to five percent  
3 of Missouri taxable income.

4 2. For all tax years beginning on or after September 1, 1993, and ending on or before  
5 December 31, 2019, a tax is hereby imposed upon the Missouri taxable income of  
6 corporations in an amount equal to six and one-fourth percent of Missouri taxable income.

7 3. For all tax years beginning on or after January 1, 2020, **and ending on or before**  
8 **December 31, 2022**, a tax is hereby imposed upon the Missouri taxable income of  
9 corporations in an amount equal to four percent of Missouri taxable income.

10 4. **(1) For all tax years beginning on or after January 1, 2023, and ending on or**  
11 **before December 31, 2023, a tax is hereby imposed upon the Missouri taxable income of**  
12 **corporations in an amount equal to three percent of Missouri taxable income;**

13 **(2) For all tax years beginning on or after January 1, 2024, and ending on or**  
14 **before December 31, 2024, a tax is hereby imposed upon the Missouri taxable income of**  
15 **corporations in an amount equal to two percent of Missouri taxable income;**

16 **(3) For all tax years beginning on or after January 1, 2025, and ending on or**  
17 **before December 31, 2025, a tax is hereby imposed upon the Missouri taxable income of**  
18 **corporations in an amount equal to one percent of Missouri taxable income; and**

19 **(4) For all tax years beginning on or after January 1, 2026, there shall be no tax**  
20 **imposed upon the Missouri taxable income of corporations.**

21 5. The provisions of this section shall not apply to out-of-state businesses operating  
22 under sections 190.270 to 190.285.

143.131. 1. The Missouri standard deduction may be deducted in determining  
2 Missouri taxable income of a resident individual unless the taxpayer or his **or her** spouse has  
3 elected to itemize his **or her** deduction as provided in section 143.141.

4 2. **For all tax years ending on or before December 31, 2022**, the Missouri standard  
5 deduction shall be the allowable federal standard deduction.

6 3. **For all tax years beginning on or after January 1, 2023, the Missouri standard**  
7 **deduction shall be fourteen thousand nine hundred fifty dollars for an individual**  
8 **taxpayer or twenty-nine thousand nine hundred dollars for married taxpayers filing a**  
9 **combined return.**

143.171. 1. For all tax years beginning on or after January 1, 1994, and ending on or  
2 before December 31, 2018, an individual taxpayer shall be allowed a deduction for his or her  
3 federal income tax liability under Chapter 1 of the Internal Revenue Code for the same  
4 taxable year for which the Missouri return is being filed, not to exceed five thousand dollars  
5 on a single taxpayer's return or ten thousand dollars on a combined return, after reduction for  
6 all credits thereon, except the credit for payments of federal estimated tax, the credit for the

7 overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by 26  
 8 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34.

9 2. (1) Notwithstanding any other provision of law to the contrary, for all tax years  
 10 beginning on or after January 1, 2019, **and ending on or before December 31, 2022**, an  
 11 individual taxpayer shall be allowed a deduction equal to a percentage of his or her federal  
 12 income tax liability under Chapter 1 of the Internal Revenue Code for the same taxable year  
 13 for which the Missouri return is being filed, not to exceed five thousand dollars on a single  
 14 taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits  
 15 thereon, except the credit for payments of federal estimated tax, the credit for the  
 16 overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by 26  
 17 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34. The deduction  
 18 percentage is determined according to the following table:

If the Missouri gross income on the return is:	The deduction percentage is:
\$25,000 or less	35 percent
From \$25,001 to \$50,000	25 percent
From \$50,001 to \$100,000	15 percent
From \$100,001 to \$125,000	5 percent
\$125,001 or more	0 percent

26 (2) Notwithstanding any provision of law to the contrary, the amount of any tax  
 27 credits reducing a taxpayer's federal tax liability pursuant to Public Law 116-136 or 116-260,  
 28 enacted by the 116th United States Congress, for the tax year beginning on or after January 1,  
 29 2020, and ending on or before December 31, 2020, and the amount of any tax credits reducing  
 30 a taxpayer's federal tax liability under any other federal law that provides direct economic  
 31 impact payments to taxpayers to mitigate financial challenges related to the COVID-19  
 32 pandemic shall not be considered in determining a taxpayer's federal tax liability for the  
 33 purposes of subdivision (1) of this subsection.

34 3. For all tax years beginning on or after September 1, 1993, **and ending on or**  
 35 **before December 31, 2022**, a corporate taxpayer shall be allowed a deduction for fifty  
 36 percent of its federal income tax liability under Chapter 1 of the Internal Revenue Code for  
 37 the same taxable year for which the Missouri return is being filed after reduction for all  
 38 credits thereon, except the credit for payments of federal estimated tax, the credit for the  
 39 overpayment of any federal tax, and the credits allowed by the Internal Revenue Code by 26  
 40 U.S.C. Section 31, 26 U.S.C. Section 27, and 26 U.S.C. Section 34.

41 4. **For all tax years ending on or before December 31, 2022**, if a federal income tax  
 42 liability for a tax year prior to the applicability of sections 143.011 to 143.996 for which he or

43 **she** was not previously entitled to a Missouri deduction is later paid or accrued, he **or she** may  
44 deduct the federal tax in the later year to the extent it would have been deductible if paid or  
45 accrued in the prior year.

46 **5. For all tax years beginning on or after January 1, 2023, there shall be no**  
47 **federal income tax deduction for any individual or corporate taxpayer under this**  
48 **section.**

144.1021. The enactment of sections 143.177, 144.608, 144.637, 144.638, and  
2 144.752 of this act; the repeal and reenactment of sections [~~143.011~~] 144.011, 144.014,  
3 144.020, 144.049, 144.054, 144.140, 144.526, and 144.605 of this act; and the repeal of  
4 sections 144.710, 144.1000, 144.1003, 144.1006, 144.1009, 144.1012, and 144.1015 of this  
5 act shall become effective January 1, 2023.

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