

FIRST EXTRAORDINARY SESSION OF THE
SECOND REGULAR SESSION

HOUSE BILL NO. 13

101ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE SMITH (163).

5989H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 143.021 and 143.131, RSMo, and 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 three new sections relating to income tax, with an emergency clause.

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

Section A. Sections 143.021 and 143.131, RSMo, and section 143.011 as enacted by
2 senate bills nos. 153 & 97, one hundred first general assembly, first regular session, are
3 repealed and three new sections enacted in lieu thereof, to be known as sections 143.011,
4 143.021, and 143.131, to read as follows:

143.011. 1. A tax is hereby imposed for every taxable year on the Missouri taxable
2 income of every resident. The tax shall be determined by applying the tax table or the rate
3 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.

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

24 2. ~~[(1) Beginning with the 2017 calendar year, the top rate of tax under subsection 1~~
 25 ~~of this section may be reduced over a period of years. Each reduction in the top rate of tax~~
 26 ~~shall be by one-tenth of a percent and no more than one reduction shall occur in a calendar~~
 27 ~~year. No more than seven reductions shall be made under this subsection. Reductions in the~~
 28 ~~rate of tax shall take effect on January first of a calendar year and such reduced rates shall~~
 29 ~~continue in effect until the next reduction occurs.~~

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

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

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

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

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

49 ~~(2) The modification of tax rates under this subsection shall only apply to tax years~~
50 ~~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 tax tables under~~
52 ~~subsection 1 of this section to effectuate the provisions of this subsection.~~

53 ~~4. (1) In addition to the rate reductions under subsections 2 and 3 of this section,~~
54 ~~beginning with the 2024 calendar year, the top rate of tax under subsection 1 of this section~~
55 ~~shall be reduced by one-tenth of one percent.~~

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

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

60 **5.] (1) Notwithstanding the provisions of subsection 1 of this section to the**
61 **contrary, beginning with the 2023 calendar year, the top rate of tax pursuant to**
62 **subsection 1 of this section shall be four and eight-tenths percent.**

63 **(2) The modification of tax rates made pursuant to this subsection shall apply**
64 **only to tax years that begin on or after January 1, 2023.**

65 **(3) The director of the department of revenue shall, by rule, adjust the tax table**
66 **provided in subsection 1 of this section to effectuate the provisions of this subsection.**
67 **The top remaining rate of tax shall apply to all income in excess of seven thousand**
68 **dollars, as adjusted pursuant to subsection 3 of this section.**

69 **3. (1) Beginning with the 2024 calendar year, the top rate of tax under**
70 **subsection 1 of this section as modified by subsection 2 of this section may be reduced**
71 **over a period of years. Each reduction in the top rate of tax shall be by one-tenth of one**
72 **percent and no more than one reduction shall occur in a calendar year. No more than**
73 **eight reductions shall be made under this subsection. Reductions in the rate of tax shall**
74 **take effect on January first of a calendar year and such reduced rates shall continue in**
75 **effect until the next reduction occurs.**

76 **(2) A reduction in the rate of tax shall occur only if the amount of net general**
77 **revenue collected in the previous fiscal year exceeds the highest amount of net general**
78 **revenue collected in any of the three fiscal years prior to such fiscal year by at least one**
79 **hundred fifty million dollars. The one-hundred-fifty-million-dollar threshold of net**
80 **general revenue shall be adjusted by the percent increase in inflation. The director shall**
81 **publish the new revenue threshold annually beginning on or after October 1, 2023. As**
82 **used in this subsection, the "percent increase in inflation" means the percentage, if any,**
83 **by which the CPI for the preceding calendar year exceeds the CPI for the year**
84 **beginning September 1, 2021, and ending August 31, 2022.**

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

87 **(4) The director of the department of revenue shall, by rule, adjust the tax tables**
88 **under subsection 1 of this section as modified by subsection 2 of this section to effectuate**
89 **the provisions of this subsection. The bracket for income subject to the top rate of tax**
90 **shall be eliminated once the top rate of tax has been reduced to four and one-half**
91 **percent, and the top remaining rate of tax shall apply to all income in excess of the**
92 **income in the second highest remaining income bracket.**

93 **4.** Beginning with the 2017 calendar year, the brackets of Missouri taxable income
94 identified in subsection 1 of this section shall be adjusted annually by the percent increase in
95 inflation. The director shall publish such brackets annually beginning on or after October 1,
96 2016. Modifications to the brackets shall take effect on January first of each calendar year
97 and shall apply to tax years beginning on or after the effective date of the new brackets.

98 ~~[6-]~~ **5.** As used in this section, the following terms mean:

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

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

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

106 (4) "Percent increase in inflation", the percentage, if any, by which the CPI for the
107 preceding calendar year exceeds the CPI for the year beginning September 1, 2014, and
108 ending August 31, 2015, **except as otherwise provided under subdivision (2) of subsection**
109 **3 of this section.**

143.021. **1.** Every resident having a taxable income shall determine his or her tax
2 from the rates provided in section 143.011. **For all tax years beginning on or before**
3 **December 31, 2022**, there shall be no tax on a taxable income of less than one hundred
4 dollars.

5 **2. (1) Notwithstanding the provisions of subsection 1 of section 143.011 to the**
6 **contrary, for all tax years beginning on or after January 1, 2023, there shall be no tax on**
7 **taxable income of less than one thousand dollars, as adjusted pursuant to subsection 3 of**
8 **section 143.011.**

9 **(2) The modifications made pursuant to this subsection shall only apply to tax**
10 **years that begin on or after January 1, 2023.**

11 **(3) The director of the department of revenue shall, by rule, adjust the tax table**
12 **provided in subsection 1 of section 143.011 to effectuate the provisions of this subsection.**

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 spouse has elected
3 to itemize his deduction as provided in section 143.141.

4 2. **For all tax years beginning on or before December 31, 2022,** the Missouri
5 standard 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 for every filing status, except married filing combined, shall be the allowable**
8 **federal standard deduction plus two thousand dollars, and for the filing status of**
9 **married filing combined, the Missouri standard deduction shall be the allowable federal**
10 **standard deduction plus four thousand dollars.**

Section B. Because immediate action is necessary to provide meaningful tax relief to
2 all Missourians, section A of this act is deemed necessary for the immediate preservation of
3 the public health, welfare, peace, and safety, and is hereby declared to be an emergency act
4 within the meaning of the constitution, and section A of this act shall be in full force and
5 effect upon its passage and approval.

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