

SECOND REGULAR SESSION

# HOUSE BILL NO. 1964

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE EGGLESTON.

5565H.04I

D. ADAM CRUMBLISS, Chief Clerk

## AN ACT

To repeal sections 143.011, 143.031, 143.151, and 143.161, RSMo, and to enact in lieu thereof four new sections relating to taxation.

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

Section A. Sections 143.011, 143.031, 143.151, and 143.161, RSMo, are repealed and  
2 four new sections enacted in lieu thereof, to be known as sections 143.011, 143.031, 143.151,  
3 and 143.161, to read as follows:

143.011. 1. **For tax years ending before January 1, 2018**, a tax is hereby imposed for  
2 every ~~taxable~~ tax year on the Missouri taxable income of every resident. The tax shall be  
3 determined by applying the tax table or the rate provided in section 143.021, which is based upon  
4 the following rates:

5	6	7	8	9	10	11
	If the Missouri taxable income is:		The tax is:			
7	Not over \$1,000.00		1 ½% of the Missouri taxable income			
8	Over \$1,000 but not over \$2,000		\$15 plus 2% of excess over \$1,000			
9	Over \$2,000 but not over \$3,000		\$35 plus 2 ½% of excess over \$2,000			
10	Over \$3,000 but not over \$4,000		\$60 plus 3% of excess over \$3,000			
11	Over \$4,000 but not over \$5,000		\$90 plus 3 ½% of excess over \$4,000			

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.

12	Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
13	Over \$6,000 but not over \$7,000	\$165 plus 4 ½% of excess over \$6,000
14	Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over \$7,000
15	Over \$8,000 but not over \$9,000	\$260 plus 5 ½% of excess over \$8,000
16	Over \$9,000	\$315 plus 6% of excess over \$9,000

17           2. (1) Beginning with the 2017 calendar year, the top rate of tax under subsection 1 of  
 18 this section **and the tax rate under subsection 5 of this section** may be reduced over a period  
 19 of years. Each reduction in the top rate of tax **or tax rate** shall be by one-tenth of a percent and  
 20 no more than one reduction shall occur in a calendar year. The top rate of tax **or tax rate** shall  
 21 not be reduced below five ~~and one-half~~ percent. Reductions in the rate of tax shall take effect  
 22 on January first of a calendar year, and such reduced rates shall continue in effect until the next  
 23 reduction occurs.

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

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

30           (4) The director of ~~the department of~~ revenue shall, by rule, adjust the tax tables under  
 31 subsection 1 of this section **and the tax rate under subsection 5 of this section** to effectuate  
 32 the provisions of this subsection. ~~[The bracket for income subject to the top rate of tax shall be  
 33 eliminated once the top rate of tax has been reduced to five and one-half of a percent.]~~

34           3. ~~[Beginning with]~~ **For** the 2017 calendar year, the brackets of Missouri taxable income  
 35 identified in subsection 1 of this section shall be adjusted annually by the percent increase in  
 36 inflation. The director shall publish such brackets ~~[annually beginning on or]~~ after October 1,  
 37 2016. Modifications to the brackets shall take effect on January first ~~[of each calendar year]~~ and  
 38 shall apply to **the 2017 tax** ~~[years beginning on or after the effective date of the new brackets]~~  
 39 **year.**

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

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

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

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

48 **5. For tax years beginning on or after January 1, 2018, a tax is hereby imposed for**  
49 **every tax year on the Missouri taxable income of every resident at a rate of five and nine-**  
50 **tenths**  
51 **percent.**

143.031. 1. A ~~[husband and wife]~~ **married couple** who file a joint federal income tax  
2 return shall file a combined return. A ~~[husband and wife]~~ **married couple** who do not file a joint  
3 federal income tax return shall not file a combined return.

4 2. The Missouri combined taxable income on a combined return shall include all of the  
5 income and deductions of ~~[the husband and wife]~~ **both spouses**. ~~[The Missouri taxable income~~  
6 ~~of each spouse shall be an amount that is the same proportion of their Missouri combined taxable~~  
7 ~~income as the Missouri adjusted gross income of that spouse bears to their Missouri combined~~  
8 ~~adjusted gross income.]~~

9 3. **If one spouse is a nonresident**, the tax of each spouse shall be determined by the  
10 application of either section 143.021 or section 143.041 depending upon whether such spouse  
11 is a resident or nonresident. Their Missouri combined tax shall be the sum of the tax applicable  
12 to each spouse.

143.151. For all ~~[taxable]~~ **tax** years beginning before January 1, 1999, a resident shall  
2 be allowed a deduction of one thousand two hundred dollars for himself or herself and one  
3 thousand two hundred dollars for his or her spouse if he or she is entitled to a deduction for such  
4 personal exemptions for federal income tax purposes. For all ~~[taxable]~~ **tax** years beginning on  
5 or after January 1, 1999, **and ending on or before December 31, 2017**, a resident shall be  
6 allowed a deduction of two thousand one hundred dollars for himself or herself and two thousand  
7 one hundred dollars for his or her spouse if he or she is entitled to a deduction for such personal  
8 exemptions for federal income tax purposes. For ~~[all]~~ **the 2017 tax** ~~[years beginning on or after~~  
9 ~~January 1, 2017]~~ **year**, a resident with a Missouri adjusted gross income of less than twenty  
10 thousand dollars shall be allowed an additional deduction of five hundred dollars for himself or  
11 herself and an additional five hundred dollars for his or her spouse if he or she is entitled to a  
12 deduction for such personal exemptions for federal income tax purposes and his or her spouse's  
13 Missouri adjusted gross income is less than twenty thousand dollars.

143.161. 1. For all ~~[taxable]~~ **tax** years beginning after December 31, 1997, a resident  
2 may deduct one thousand two hundred dollars for each dependent for whom such resident is

3 entitled to a dependency exemption deduction for federal income tax purposes. In the case of  
4 a dependent who has attained sixty-five years of age on or before the last day of the ~~taxable~~ **tax**  
5 year, if such dependent resides in the taxpayer's home or the dependent's own home or if such  
6 dependent does not receive Medicaid or state funding while residing in a facility licensed  
7 pursuant to chapter 198, the taxpayer may deduct an additional one thousand dollars.

8         2. For all ~~taxable~~ **tax** years beginning on or after January 1, 1999, **and ending on or**  
9 **before December 31, 2017**, a resident who qualifies as an unmarried head of household or as  
10 a surviving spouse for federal income tax purposes may deduct an additional one thousand four  
11 hundred dollars.

12         3. For all ~~taxable~~ **tax** years beginning on or after January 1, 2015, for each birth for  
13 which a certificate of birth resulting in stillbirth has been issued under section 193.165, a  
14 taxpayer may claim the exemption under subsection 1 of this section only in the ~~taxable~~ **tax**  
15 year in which the stillbirth occurred, if the child otherwise would have been a member of the  
16 taxpayer's household.

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