

FIRST REGULAR SESSION

HOUSE BILL NO. 204

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BROWN (149).

0468H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 135.800, RSMo, and to enact in lieu thereof two new sections relating to tax credits for certain engineering degrees.

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

Section A. Section 135.800, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 135.005 and 135.800, to read as follows:

135.005. 1. For the purposes of this section, the following terms shall mean:

(1) "Compensation":

(a) Payments in the form of contract labor for which the payer is required to provide a federal tax form 1099 to the person paid;

(b) Wages that are subject to withholding tax imposed under sections 143.191 to 143.265 and paid to a part-time employee or full-time employee; and

(c) Any other salary or other remuneration.

"Compensation" shall not include employer-provided retirement, medical or health care benefits, reimbursement for travel, meals, lodging, or any other expense;

(2) "Department", the Missouri department of economic development;

(3) "Qualified employer", a sole proprietorship, general partnership, limited partnership, limited liability company, corporation, other legally recognized business entity or public entity registered to do business in this state and whose principal business activity involves the engineering sector;

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.

16 (4) "Qualified institution", any public or private institution of higher education
17 that is accredited by a regional accrediting body or the engineering accreditation
18 commission of the accreditation board for engineering and technology (ABET);

19 (5) "Qualified program":

20 (a) A program that has been accredited by the engineering accreditation
21 commission of the accreditation board for engineering and technology (ABET) or a
22 regional accrediting body and that awards an undergraduate or graduate degree in
23 engineering; or

24 (b) A program that results in the awarding of a degree or certificate that
25 prepares the graduate for gainful employment with a qualified employer;

26 (6) "Qualified worker", any person newly employed on a full-time basis by or
27 first contracting with a qualified employer on a full-time basis on or after January 1,
28 2026, who has been awarded an undergraduate or graduate degree, or a technical
29 degree or certificate from a qualified program by a qualified institution;

30 (7) "State tax liability", any liability incurred by a taxpayer pursuant to the
31 provisions of chapter 143, exclusive of the provisions relating to the withholding of tax
32 as provided for in sections 143.191 to 143.265 and related provisions;

33 (8) "Tax credit", a credit against the tax otherwise due under chapter 143,
34 excluding withholding tax imposed under sections 143.191 to 143.265;

35 (9) "Taxpayer", any individual or qualified employer, as defined under this
36 section, subject to the state income tax imposed under chapter 143, excluding the
37 withholding tax imposed under sections 143.191 to 143.265;

38 (10) "Tuition", the amount paid for enrollment, program specific course fees,
39 and instruction in a qualified program that includes both amounts paid during
40 participation in a qualified program or tuition debt upon completion of a qualified
41 program. "Tuition" shall not include the cost of books, fees other than program specific
42 course fees, or room and board.

43 2. (1) For all tax years beginning on or after January 1, 2026, a qualified
44 employer shall be allowed a tax credit against the qualified employer's state tax liability
45 for tuition reimbursed to a qualified worker.

46 (2) The tax credit may be claimed only if the qualified worker has been awarded
47 an undergraduate or graduate degree or technical degree or certificate from a qualified
48 program within one year prior to or following the commencement of employment with a
49 qualified employer, and may be claimed each year thereafter that the qualified worker
50 remains employed or under contract up to the fourth year of such employment or
51 contract.

52 (3) The tax credit shall be in an amount equal to fifty percent of the tuition
53 reimbursed to a qualified worker during the tax year for which the tax credit is claimed,
54 except that in no event shall the tax credit exceed fifty percent of the average annual
55 amount paid by a qualified worker for enrollment and instruction in a qualified
56 program, as determined by the department.

57 (4) The tax credit shall be applied against the qualified employer's state tax
58 liability after all other tax credits have been applied. Tax credits authorized by this
59 subsection shall not be transferred, sold, or assigned, and shall not be refundable or
60 carried forward to any other tax year.

61 3. (1) For all tax years beginning on or after January 1, 2026, a qualified
62 employer shall be allowed a tax credit against the qualified employer's state tax liability
63 for compensation paid during the tax year to a qualified worker. The tax credit may be
64 allowed for the first through fifth consecutive years of employment or contract of the
65 qualified worker. For qualified workers who received an undergraduate or graduate
66 degree or technical degree or certificate from a qualified program awarded by a
67 qualified institution, the tax credit amount shall be equal to ten percent of the
68 compensation paid.

69 (2) Tax credits authorized by this subsection shall not exceed fifteen thousand
70 dollars for any single qualified worker in any given tax year and shall not exceed a total
71 of seventy-five thousand dollars for any single qualified worker.

72 (3) The tax credit shall be applied against the qualified employer's state tax
73 liability after all other tax credits have been applied. Tax credits authorized by this
74 subsection shall not be transferred, sold, or assigned and shall not be refundable or
75 carried forward to any other tax year.

76 (4) No tax credit shall be claimed for compensation paid to a qualified worker
77 after the fifth year of employment of the qualified worker or the fifth year of the
78 worker's contract.

79 4. (1) For all tax years beginning on or after January 1, 2026, a taxpayer who
80 becomes a qualified worker during the tax year shall be allowed a tax credit against the
81 taxpayer's state tax liability in an amount equal to two thousand five hundred dollars.
82 The tax credit may be claimed each year the taxpayer achieves the status of a qualified
83 worker for five consecutive tax years beginning with the tax year in which the taxpayer
84 becomes a qualified worker. No taxpayer shall claim tax credits pursuant to this
85 subsection that exceed a total of twelve thousand five hundred dollars.

86 (2) Tax credits authorized by this subsection shall not be transferred, sold, or
87 assigned, and shall not be refundable, but may be carried forward to subsequent tax

88 years, provided that a tax credit shall not be carried forward beyond the fourth tax year
89 succeeding the tax year in which the taxpayer initially claimed the tax credit.

90 **5. The tax credit authorized by this section shall be considered a training and**
91 **educational tax credit, as defined under section 135.800, and shall be subject to the**
92 **provisions of section 135.800 to 135.830.**

93 **6. (1) The department may adopt rules and regulations necessary or convenient**
94 **for the implementation and administration of this section. Any rule or portion of a rule,**
95 **as that term is defined in section 536.010, that is created under the authority delegated**
96 **in this section shall become effective only if it complies with and is subject to all of the**
97 **provisions of chapter 536 and, if applicable, section 536.028. This section and chapter**
98 **536 are nonseverable and if any of the powers vested with the general assembly**
99 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
100 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**
101 **and any rule proposed or adopted after August 28, 2025, shall be invalid and void.**

102 **(2) The department shall annually submit a written report to the general**
103 **assembly containing information regarding the cost and effectiveness of the provisions**
104 **of this section. The department also may include in the report any recommendations for**
105 **changes to state law necessary to implement the provisions of this section.**

106 **7. Under section 23.253 of the Missouri sunset act:**

107 **(1) The program authorized pursuant to this section shall automatically sunset**
108 **on December 31, 2031, unless reauthorized by an act of the general assembly; and**

109 **(2) If such program is reauthorized, the program authorized pursuant to this**
110 **section shall automatically sunset twelve years after the effective date of the**
111 **reauthorization; and**

112 **(3) This section shall terminate on September first of the calendar year**
113 **immediately following the calendar year in which the program authorized pursuant to**
114 **this section is sunset; and**

115 **(4) The provisions of this subsection shall not be construed to limit or in any way**
116 **impair the department's ability to redeem tax credits authorized on or before the date**
117 **the program authorized pursuant to this section expires, or a taxpayer's ability to**
118 **redeem such tax credits.**

135.800. 1. The provisions of sections 135.800 to 135.830 shall be known and may
2 be cited as the "Tax Credit Accountability Act of 2004".

3 2. As used in sections 135.800 to 135.830, the following terms mean:

4 (1) "Administering agency", the state agency or department charged with
5 administering a particular tax credit program, as set forth by the program's enacting
6 statute; where no department or agency is set forth, the department of revenue;

7 (2) "Agricultural tax credits", the agricultural product utilization contributor tax credit
8 created pursuant to section 348.430, the new generation cooperative incentive tax credit
9 created pursuant to section 348.432, the family farm breeding livestock loan tax credit created
10 under section 348.505, the qualified beef tax credit created under section 135.679, and the
11 wine and grape production tax credit created pursuant to section 135.700;

12 (3) "Business recruitment tax credits", the business facility tax credit created pursuant
13 to sections 135.110 to 135.150 and section 135.258, the enterprise zone tax benefits created
14 pursuant to sections 135.200 to 135.270, the business use incentives for large-scale
15 development programs created pursuant to sections 100.700 to 100.850, the development tax
16 credits created pursuant to sections 32.100 to 32.125, the rebuilding communities tax credit
17 created pursuant to section 135.535, the film production tax credit created pursuant to section
18 135.750, the enhanced enterprise zone created pursuant to sections 135.950 to 135.970, and
19 the Missouri quality jobs program created pursuant to sections 620.1875 to 620.1900;

20 (4) "Community development tax credits", the neighborhood assistance tax credit
21 created pursuant to sections 32.100 to 32.125, the family development account tax credit
22 created pursuant to sections 208.750 to 208.775, the dry fire hydrant tax credit created
23 pursuant to section 320.093, and the transportation development tax credit created pursuant to
24 section 135.545;

25 (5) "Domestic and social tax credits", the youth opportunities tax credit created
26 pursuant to section 135.460 and sections 620.1100 to 620.1103, the shelter for victims of
27 domestic violence **or rape crisis center tax credit** created pursuant to section 135.550, the
28 senior citizen or disabled person property tax credit created pursuant to sections 135.010 to
29 135.035, the adoption tax credit created pursuant to sections 135.325 to 135.339, the
30 champion for children tax credit created pursuant to section 135.341, the maternity home tax
31 credit created pursuant to section 135.600, the surviving spouse tax credit created pursuant to
32 section 135.090, the residential treatment agency tax credit created pursuant to section
33 135.1150, the pregnancy resource center tax credit created pursuant to section 135.630, the
34 food pantry tax credit created pursuant to section 135.647, the residential dwelling access tax
35 credit created pursuant to section 135.562, the developmental disability care provider tax
36 credit created under section 135.1180, the shared care tax credit created pursuant to section
37 192.2015, the health, hunger, and hygiene tax credit created pursuant to section 135.1125, and
38 the diaper bank tax credit created pursuant to section 135.621;

39 (6) "Entrepreneurial tax credits", the capital tax credit created pursuant to sections
40 135.400 to 135.429, the certified capital company tax credit created pursuant to sections
41 135.500 to 135.529, the seed capital tax credit created pursuant to sections 348.300 to
42 348.318, the new enterprise creation tax credit created pursuant to sections 620.635 to
43 620.653, the research tax credit created pursuant to section 620.1039, the small business

44 incubator tax credit created pursuant to section 620.495, the guarantee fee tax credit created
45 pursuant to section 135.766, and the new generation cooperative tax credit created pursuant to
46 sections 32.105 to 32.125;

47 (7) "Environmental tax credits", the charcoal producer tax credit created pursuant to
48 section 135.313, the wood energy tax credit created pursuant to sections 135.300 to 135.311,
49 and the alternative fuel stations tax credit created pursuant to section 135.710;

50 (8) "Financial and insurance tax credits", the bank franchise tax credit created
51 pursuant to section 148.030, the bank tax credit for S corporations created pursuant to section
52 143.471, the exam fee tax credit created pursuant to section 148.400, the health insurance
53 pool tax credit created pursuant to section 376.975, the life and health insurance guaranty
54 **association** tax credit created pursuant to section 376.745, the property and casualty guaranty
55 **association** tax credit created pursuant to section 375.774, and the self-employed health
56 insurance tax credit created pursuant to section 143.119;

57 (9) "Housing tax credits", the neighborhood preservation tax credit created pursuant
58 to sections 135.475 to 135.487, the low-income housing tax credit created pursuant to
59 sections 135.350 to 135.363, and the affordable housing tax credit created pursuant to
60 sections 32.105 to 32.125;

61 (10) "Recipient", the individual or entity who both:

62 (a) Is the original applicant for a tax credit; and

63 (b) Who directly receives a tax credit or the right to transfer a tax credit under a tax
64 credit program, regardless as to whether the tax credit has been used or redeemed; a recipient
65 shall not include the transferee of a transferable tax credit;

66 (11) "Redevelopment tax credits", the historic preservation tax credit created pursuant
67 to sections 253.545 to 253.559, the brownfield redevelopment program tax credit created
68 pursuant to sections 447.700 to 447.718, the community development corporations tax credit
69 created pursuant to sections 135.400 to 135.430, the infrastructure tax credit created pursuant
70 to subsection 6 of section 100.286, the bond guarantee tax credit created pursuant to section
71 100.297, the disabled access tax credit created pursuant to section 135.490, the new markets
72 tax credit created pursuant to section 135.680, and the distressed areas land assemblage tax
73 credit created pursuant to section 99.1205;

74 (12) "Tax credit program", any of the tax credit programs included in the definitions
75 of agricultural tax credits, business recruitment tax credits, community development tax
76 credits, domestic and social tax credits, entrepreneurial tax credits, environmental tax credits,
77 housing tax credits, redevelopment tax credits, and training and educational tax credits;

78 (13) "Training and educational tax credits", the Missouri works new jobs tax credit
79 and Missouri works retained jobs credit created pursuant to sections 620.800 to 620.809 **and**
80 **the engineering workforce development tax credit created under section 135.005.**

✓