

SECOND REGULAR SESSION

# HOUSE BILL NO. 2147

99TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE KORMAN.

5641H.011

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To repeal sections 142.803 and 143.011, RSMo, and to enact in lieu thereof two new sections relating to taxation.

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

Section A. Sections 142.803 and 143.011, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 142.803 and 143.011, to read as follows:

142.803. 1. A tax is levied and imposed on all motor fuel used or consumed in this state as follows:

(1) Motor fuel:

**(a) For calendar years before January 1, 2019, seventeen cents per gallon; and**

**(b) For calendar years beginning on or after January 1, 2019, the tax on motor fuel shall be increased by an amount, not to exceed three cents per year, such that the revenue attributable to such increase in motor fuel tax shall equal the reduction in revenue in the previous tax year attributable to the income tax rate reduction under subsection 2 of section 143.011. If an increase of three cents is not sufficient for increased motor fuel revenues to equal the reduction in income tax revenue, then the difference shall be carried forward and used in the motor fuel tax calculations of successive calendar years until the total increased motor fuel revenues equal total reduced income tax revenues;**

(2) Alternative fuels, not subject to the decal fees as provided in section 142.869, with a power potential equivalent of motor fuel. In the event alternative fuel, which is not commonly sold or measured by the gallon, is used in motor vehicles on the highways of this state, the director is authorized to assess and collect a tax upon such alternative fuel measured by the nearest power potential equivalent to that of one gallon of regular grade gasoline. The

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.

18 determination by the director of the power potential equivalent of such alternative fuel shall be  
19 prima facie correct;

20 (3) Aviation fuel used in propelling aircraft with reciprocating engines, nine cents per  
21 gallon as levied and imposed by section 155.080 to be collected as required under this chapter;

22 (4) Compressed natural gas fuel, five cents per gasoline gallon equivalent until  
23 December 31, 2019, eleven cents per gasoline gallon equivalent from January 1, 2020, until  
24 December 31, 2024, and then seventeen cents per gasoline gallon equivalent thereafter. The  
25 gasoline gallon equivalent and method of sale for compressed natural gas shall be as published  
26 by the National Institute of Standards and Technology in Handbooks 44 and 130, and  
27 supplements thereto or revisions thereof. In the absence of such standard or agreement, the  
28 gasoline gallon equivalent and method of sale for compressed natural gas shall be equal to five  
29 and sixty-six-hundredths pounds of compressed natural gas. All applicable provisions contained  
30 in this chapter governing administration, collections, and enforcement of the state motor fuel tax  
31 shall apply to the tax imposed on compressed natural gas, including but not limited to licensing,  
32 reporting, penalties, and interest;

33 (5) Liquefied natural gas fuel, five cents per diesel gallon equivalent until December 31,  
34 2019, eleven cents per diesel gallon equivalent from January 1, 2020, until December 31, 2024,  
35 and then seventeen cents per diesel gallon equivalent thereafter. The diesel gallon equivalent and  
36 method of sale for liquefied natural gas shall be as published by the National Institute of  
37 Standards and Technology in Handbooks 44 and 130, and supplements thereto or revisions  
38 thereof. In the absence of such standard or agreement, the diesel gallon equivalent and method  
39 of sale for liquefied natural gas shall be equal to six and six-hundredths pounds of liquefied  
40 natural gas. All applicable provisions contained in this chapter governing administration,  
41 collections, and enforcement of the state motor fuel tax shall apply to the tax imposed on  
42 liquefied natural gas, including but not limited to licensing, reporting, penalties, and interest;

43 (6) Propane gas fuel, five cents per gallon until December 31, 2019, eleven cents per  
44 gallon from January 1, 2020, until December 31, 2024, and then seventeen cents per gallon  
45 thereafter. All applicable provisions contained in this chapter governing administration,  
46 collection, and enforcement of the state motor fuel tax shall apply to the tax imposed on propane  
47 gas including, but not limited to, licensing, reporting, penalties, and interest;

48 (7) If a natural gas, compressed natural gas, liquefied natural gas, electric, or propane  
49 connection is used for fueling motor vehicles and for another use, such as heating, the tax  
50 imposed by this section shall apply to the entire amount of natural gas, compressed natural gas,  
51 liquefied natural gas, electricity, or propane used unless an approved separate metering and  
52 accounting system is in place.

53           2. All taxes, surcharges and fees are imposed upon the ultimate consumer, but are to be  
 54 precollected as described in this chapter, for the facility and convenience of the consumer. The  
 55 levy and assessment on other persons as specified in this chapter shall be as agents of this state  
 56 for the precollection of the tax.

          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:

| 4  | 5 If the Missouri taxable income is: | The tax is:                            |
|----|--------------------------------------|--|
| 6  | Not over \$1,000.00                  | 1 ½% of the Missouri taxable income    |
| 7  | Over \$1,000 but not over \$2,000    | \$15 plus 2% of excess over \$1,000    |
| 8  | Over \$2,000 but not over \$3,000    | \$35 plus 2 ½% of excess over \$2,000  |
| 9  | Over \$3,000 but not over \$4,000    | \$60 plus 3% of excess over \$3,000    |
| 10 | Over \$4,000 but not over \$5,000    | \$90 plus 3 ½% of excess over \$4,000  |
| 11 | Over \$5,000 but not over \$6,000    | \$125 plus 4% of excess over \$5,000   |
| 12 | Over \$6,000 but not over \$7,000    | \$165 plus 4 ½% of excess over \$6,000 |
| 13 | Over \$7,000 but not over \$8,000    | \$210 plus 5% of excess over \$7,000   |
| 14 | Over \$8,000 but not over \$9,000    | \$260 plus 5 ½% of excess over \$8,000 |
| 15 | Over \$9,000                         | \$315 plus 6% of excess over \$9,000   |

16           2. (1) Beginning with the 2017 calendar year, the top rate of tax under subsection 1 of  
 17 this section may be reduced over a period of years. Each reduction in the top rate of tax shall be  
 18 by one-tenth of a percent and no more than one reduction shall occur in a calendar year. The top  
 19 rate of tax shall not be reduced below five and one-half percent. Reductions in the rate of tax  
 20 shall take effect on January first of a calendar year and such reduced rates shall continue in effect  
 21 until the next reduction occurs.

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

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

28 ~~[(4)]~~ (3) The director of the department of revenue shall, by rule, adjust the tax tables  
29 under subsection 1 of this section to effectuate the provisions of this subsection. The bracket for  
30 income subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced  
31 to five and one-half ~~[of a]~~ percent.

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

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

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

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

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

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