

SECOND REGULAR SESSION

# HOUSE BILL NO. 2366

102ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE MCMULLEN.

4942H.011

DANA RADEMAN MILLER, Chief Clerk

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## AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a tax credit for certain educational expenses.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be  
2 known as section 135.721, to read as follows:

**135.721. 1. This section shall be known and may be cited as the "Missouri  
2 Parent Empowerment Act".**

**3 2. As used in this section, the following terms mean:**

**4 (1) "Department", the Missouri department of revenue;**

**5 (2) "Eligible education expenses", in a given tax year the following costs a  
6 qualified taxpayer incurs for the educational needs of a qualified student who is enrolled  
7 in and attends a qualified school:**

**8 (a) Tuition and fees;**

**9 (b) Textbooks;**

**10 (c) Curriculum as defined under section 166.700;**

**11 (d) Other instructional materials including, but not limited to, computer  
12 software, supplemental materials, or associated online instruction;**

**13 (e) Fees for nationally standardized norm-referenced achievement tests,  
14 advanced placement examinations, or any examinations related to college or  
15 university admission;**

**16 (f) Tutoring services;**

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.

17           **(g) Fees for summer education programs and specialized after-school education**  
18 **programs;**

19           **(h) Services provided by a qualified school including, but not limited to,**  
20 **individual classes and extracurricular programs;**

21           **(i) Computer hardware or other technological devices that are used to help meet**  
22 **the qualified student's educational needs; and**

23           **(j) Educational therapies or services from a licensed or accredited practitioner**  
24 **or provider including, but not limited to, licensed or accredited paraprofessionals or**  
25 **educational aides;**

26           **(3) "Public school", any public school in the state of Missouri, as such term is**  
27 **defined under section 160.011, including, but not limited to, a charter school as defined**  
28 **in section 160.400 or a public virtual school as described under section 161.670;**

29           **(4) "Qualified amount", for any qualified taxpayer in a given tax year, an**  
30 **amount equal to one hundred percent of the total eligible education expenses incurred**  
31 **by a qualified taxpayer in a given tax year per qualified student per tax year;**

32           **(5) "Qualified school", a home school as defined in section 167.031 or any of the**  
33 **following entities that is incorporated in Missouri and that does not discriminate on the**  
34 **basis of race, color, or national origin:**

35           **(a) A private school as defined under section 166.700;**

36           **(b) A private virtual school;**

37           **(c) A parochial school; or**

38           **(d) A parish school;**

39           **(6) "Qualified student", any resident individual of this state who:**

40           **(a) Is properly listed as a dependent of the qualified taxpayer on the qualified**  
41 **taxpayer's state income tax return;**

42           **(b) Is the natural or adopted child of the qualified taxpayer or is an individual**  
43 **for whom the qualified taxpayer has been court-appointed as a legal guardian or**  
44 **custodian; and**

45           **(c) Is eligible to enroll in an elementary or secondary public school in this state,**  
46 **but who is enrolled in or attending a qualified school as a full-time student;**

47           **(7) "Qualified taxpayer", any resident individual subject to the state income tax**  
48 **imposed under chapter 143, excluding the withholding tax imposed under sections**  
49 **143.191 to 143.265, who is not a dependent of another individual and is the biological or**  
50 **adoptive parent, legal guardian, custodian, or other person with legal authority to act on**  
51 **behalf of a qualified student;**

52           **(8) "Tax credit", a credit against the tax otherwise due under chapter 143,**  
53 **excluding withholding tax imposed under sections 143.191 to 143.265.**

54           **3. The following costs a qualified taxpayer incurs for the educational needs of a**  
55 **qualified student shall not be deemed eligible education expenses under this section:**

56           **(1) Paper;**

57           **(2) Pens;**

58           **(3) Pencils;**

59           **(4) Markers;**

60           **(5) Erasers;**

61           **(6) Notebooks;**

62           **(7) Other similar consumable education supplies; or**

63           **(8) Costs incurred as a result of a qualified student's participation in academic,**  
64 **athletic, social, or extracurricular activities provided or sponsored by:**

65           **(a) A public school as defined in section 160.011;**

66           **(b) A charter school as defined in section 160.400; or**

67           **(c) A public virtual school as described in section 161.670.**

68           **4. For all tax years beginning on or after January 1, 2025, a qualified taxpayer**  
69 **shall be allowed to claim a tax credit against the qualified taxpayer's state tax liability**  
70 **for a qualified student's eligible education expenses. The amount of each tax credit shall**  
71 **not exceed the lesser of:**

72           **(1) The qualified taxpayer's qualified amount; or**

73           **(2) The state adequacy target, as defined under section 163.011.**

74           **5. If a qualified student was enrolled in a public school for part of a tax year, the**  
75 **amount of the tax credit allowed under this section shall be prorated, based upon that**  
76 **proportion of which the total number of school days the qualified student was enrolled**  
77 **in or attending the qualified school for the tax year the credit is claimed. The**  
78 **department may promulgate rules governing the calculation and proration under this**  
79 **subsection.**

80           **6. A qualified taxpayer may claim a tax credit under this section at the time such**  
81 **qualified taxpayer files a return. The qualified taxpayer shall submit with the qualified**  
82 **taxpayer's return an itemized list of eligible education expenses incurred, identification**  
83 **or other legal documents relating to a qualified student's dependency status, as well as**  
84 **any other information required by the department, on a form to be developed by the**  
85 **department. The qualified taxpayer shall retain all receipts of eligible education**  
86 **expenses as proof of the amounts paid each tax year the credit is claimed and shall**  
87 **submit them to the department upon request.**

88           **7. Qualified taxpayers claiming the credit shall:**

89           **(1) Claim the credit for only eligible education expenses as defined under this**  
90 **section to provide an education for a qualified student;**

91           **(2) Ensure no other person is claiming a credit for the qualified student;**

92           **(3) Not claim the credit for a qualified student who enrolls as a full-time student**  
93 **in a public school as defined under this section; and**

94           **(4) Comply with provisions of this section and the rules and requirements**  
95 **established by the department for the administration of the tax credit.**

96           **8. A qualified taxpayer shall not be eligible to receive a tax credit under this**  
97 **section if such qualified taxpayer is a participant in the Missouri empowerment**  
98 **scholarship accounts program under sections 135.712 to 135.719 and sections 166.700 to**  
99 **166.720 for the same qualified student. Before issuing the tax credit under this section,**  
100 **the department shall verify with the state treasurer that the taxpayer is not a participant**  
101 **in and does not have a pending application for the Missouri empowerment scholarship**  
102 **accounts program for the same qualified student.**

103           **9. No tax credit claimed under this section shall be assigned, transferred, sold, or**  
104 **otherwise conveyed.**

105           **10. (1) Tax credits issued under the provisions of this section shall be refundable.**  
106 **No tax credit claimed under this section shall be carried forward to any subsequent tax**  
107 **year.**

108           **(2) Any refunds issued from this tax credit shall be offset against a qualified**  
109 **taxpayer's outstanding state tax liabilities or certain other debts as described under**  
110 **section 143.611 and sections 143.781 to 143.790.**

111           **(3) The department shall have the authority to conduct an audit or contract for**  
112 **the auditing of receipts for eligible education expenses submitted under this section.**

113           **(4) The department is authorized to recapture the tax credits otherwise**  
114 **authorized under this section on a prorated basis if an audit conducted under the**  
115 **provisions of this section finds that the qualified taxpayer claimed a student who no**  
116 **longer attends a qualified school, has enrolled in a public school on a full-time basis, or**  
117 **for other reasons that would make the qualified taxpayer no longer eligible for the tax**  
118 **credit authorized under this section.**

119           **(5) The department may promulgate rules addressing recapture, reconciliation,**  
120 **clerical errors, and any other provisions necessary to effectuate the program under this**  
121 **section.**

122           **11. Notwithstanding any provision of section 105.1500 to the contrary, any**  
123 **requirement to provide information, documents, or records under this section, and any**  
124 **requirement established by the department to provide information, documents, or**  
125 **records for the purpose of administering and enforcing this section, shall be exempt**  
126 **from section 105.1500.**

127           **12. The department, in conjunction with the state treasurer, shall promulgate all**  
128 **necessary rules and regulations for the administration of this section including, but not**  
129 **limited to, rules relating to the verification of a taxpayer's qualified amount. Any rule**  
130 **or portion of a rule, as that term is defined in section 536.010, that is created under the**  
131 **authority delegated in this section shall become effective only if it complies with and is**  
132 **subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This**  
133 **section and chapter 536 are nonseverable and if any of the powers vested with the**  
134 **general assembly pursuant to chapter 536 to review, to delay the effective date, or to**  
135 **disapprove and annul a rule are subsequently held unconstitutional, then the grant of**  
136 **rulemaking authority and any rule proposed or adopted after August 28, 2024, shall be**  
137 **invalid and void.**

138           **13. Under section 23.253 of the Missouri sunset act:**

139           **(1) The provisions of the new program authorized under this section shall**  
140 **automatically sunset December thirty-first six years after the effective date of this**  
141 **section unless reauthorized by an act of the general assembly;**

142           **(2) If such program is reauthorized, the program authorized under this section**  
143 **shall automatically sunset December thirty-first twelve years after the effective date of**  
144 **the reauthorization of this section;**

145           **(3) This section shall terminate on September first of the calendar year**  
146 **immediately following the calendar year in which the program authorized under this**  
147 **section is sunset; and**

148           **(4) The provisions of this subsection shall not be construed to limit or in any way**  
149 **impair a qualified taxpayer's ability to redeem tax credits authorized on or before the**  
150 **date the program authorized under this section expires.**

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