

HOUSE BILL NO. 2587

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE LAVENDER.

3825H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 143.011 and 143.021, RSMo, and to enact in lieu thereof two new sections relating to personal income tax rates.

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

Section A. Sections 143.011 and 143.021, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 143.011 and 143.021, to read as follows:

143.011. 1. A tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table or the rate 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
Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000

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.

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) Notwithstanding the provisions of subsection 1 of this section to the contrary,
 25 beginning with the 2023 calendar year, the top rate of tax pursuant to subsection 1 of this
 26 section shall be four and ninety-five hundredths percent.

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

29 (3) The director of the department of revenue shall, by rule, adjust the tax table
 30 provided in subsection 1 of this section to effectuate the provisions of this subsection. The
 31 top remaining rate of tax shall apply to all income in excess of seven thousand dollars, as
 32 adjusted pursuant to subsection [5] 4 of this section.

33 3. (1) In addition to the rate reduction under subsection 2 of this section, beginning
 34 with the 2024 calendar year **and ending on or before December 31, 2024**, the top rate of tax
 35 under subsection 1 of this section may be reduced by fifteen hundredths of a percent. A
 36 reduction in the rate of tax shall take effect on January first of a calendar year and such
 37 reduced rates shall continue in effect until the next reduction occurs.

38 (2) A reduction in the rate of tax shall only occur if the amount of net general revenue
 39 collected in the previous fiscal year exceeds the highest amount of net general revenue
 40 collected in any of the three fiscal years prior to such fiscal year by at least one hundred
 41 seventy-five million dollars.

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

44 (4) The director of the department of revenue shall, by rule, adjust the tax tables under
 45 subsection 1 of this section to effectuate the provisions of this subsection.

46 4. ~~[(1) In addition to the rate reductions under subsections 2 and 3 of this section,~~
 47 ~~beginning with the calendar year immediately following the calendar year in which a~~
 48 ~~reduction is made pursuant to subsection 3 of this section, the top rate of tax under subsection~~
 49 ~~1 of this section may be further reduced over a period of years. Each reduction in the top rate~~
 50 ~~of tax shall be by one-tenth of a percent and no more than one reduction shall occur in a~~
 51 ~~calendar year. No more than three reductions shall be made under this subsection.~~

~~52 Reductions in the rate of tax shall take effect on January first of a calendar year and such~~
~~53 reduced rates shall continue in effect until the next reduction occurs.~~

~~54 (2) (a) A reduction in the rate of tax shall only occur if:~~

~~55 a. The amount of net general revenue collected in the previous fiscal year exceeds the~~
~~56 highest amount of net general revenue collected in any of the three fiscal years prior to such~~
~~57 fiscal year by at least two hundred million dollars; and~~

~~58 b. The amount of net general revenue collected in the previous fiscal year exceeds the~~
~~59 amount of net general revenue collected in the fiscal year five years prior, adjusted annually~~
~~60 by the percentage increase in inflation over the preceding five fiscal years.~~

~~61 (b) The amount of net general revenue collected required by subparagraph a. of~~
~~62 paragraph (a) of this subdivision in order to make a reduction pursuant to this subsection shall~~
~~63 be adjusted annually by the percent increase in inflation beginning with January 2, 2023.~~

~~64 (3) Any modification of tax rates under this subsection shall only apply to tax years~~
~~65 that begin on or after a modification takes effect.~~

~~66 (4) The director of the department of revenue shall, by rule, adjust the tax tables under~~
~~67 subsection 1 of this section to effectuate the provisions of this subsection. The bracket for~~
~~68 income subject to the top rate of tax shall be eliminated once the top rate of tax has been~~
~~69 reduced below the rate applicable to such bracket, and the top remaining rate of tax shall~~
~~70 apply to all income in excess of the income in the second highest remaining income bracket.~~

~~71 5.] Beginning with the 2017 calendar year, the brackets of Missouri taxable income~~
~~72 identified in subsection 1 of this section shall be adjusted annually by the percent increase in~~
~~73 inflation. The director shall publish such brackets annually beginning on or after October 1,~~
~~74 2016. Modifications to the brackets shall take effect on January first of each calendar year~~
~~75 and shall apply to tax years beginning on or after the effective date of the new brackets.~~

~~76 [6.] 5. As used in this section, the following terms mean:~~

~~77 (1) "CPI", the Consumer Price Index for All Urban Consumers for the United States~~
~~78 as reported by the Bureau of Labor Statistics, or its successor index;~~

~~79 (2) "CPI for the preceding calendar year", the average of the CPI as of the close of the~~
~~80 twelve-month period ending on August thirty-first of such calendar year;~~

~~81 (3) "Net general revenue collected", all revenue deposited into the general revenue~~
~~82 fund, less refunds and revenues originally deposited into the general revenue fund but~~
~~83 designated by law for a specific distribution or transfer to another state fund;~~

~~84 (4) "Percent increase in inflation", the percentage, if any, by which the CPI for the~~
~~85 preceding calendar year exceeds the CPI for the year beginning September 1, 2014, and~~
~~86 ending August 31, 2015.~~

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 or equal to one thousand dollars, as adjusted pursuant to
8 subsection ~~5~~ 4 of section 143.011.

9 (2) The modifications made pursuant to this subsection shall only apply to tax years
10 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.

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