

SECOND REGULAR SESSION

SENATE BILL NO. 1018

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHMITT.

Read 1st time February 3, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4595S.03I

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to an earned income tax credit.

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
2 section, to be known as section 135.760, to read as follows:

**135.760. 1. This section shall be known and may be cited as the
2 "Missouri Earned Income Tax Credit Act".**

3 **2. For all taxable years beginning on or after January 1, 2016, a
4 resident individual who is allowed a federal earned income tax credit
5 under Section 32 of the Internal Revenue Code of 1986, as amended,
6 shall be allowed a credit against the tax otherwise due under chapter
7 143, not including sections 143.191 to 143.265, in an amount equal to
8 twenty percent of the allowable federal earned income tax credit. The
9 tax credit allowed by this section shall be claimed by such individual
10 at the time such individual files a return and shall be applied against
11 the income tax liability imposed by chapter 143 after reduction for all
12 other credits allowed thereon. For taxpayers whose filing status is
13 married filing separately, such taxpayers may elect to apply the tax
14 credit to the income tax liability of either taxpayer, or may elect to
15 apply the tax credit evenly to the income tax liability of each
16 spouse. This credit shall be nonrefundable.**

17 **3. Notwithstanding the provision of subsection 4 of section
18 32.057, the department of revenue or any duly authorized employee or
19 agent shall determine whether any taxpayer filing a report or return
20 with the department of revenue who has not applied for the credit
21 allowed under this section may qualify for the credit, and shall notify**

22 any qualified claimant of the claimant's potential eligibility, where the
23 department determines such potential eligibility exists. In making a
24 determination of eligibility under this section, the department shall use
25 any appropriate and available data, including but not limited to data
26 available from the Internal Revenue Service, the U.S. Department of
27 Treasury, and state income tax returns from previous tax years.

28 4. The department shall prepare an annual report containing
29 statistical information regarding the tax credits issued under this
30 section for the previous tax year, including the total amount of revenue
31 expended on the earned income tax credit, the number of credits
32 claimed, and the average value of the credits issued to taxpayers whose
33 earned income falls within various income ranges determined by the
34 department.

35 5. The department shall contract with one or more nonprofit
36 groups to provide notice of the earned income tax credit to eligible
37 taxpayers. The department shall require evidence of the effectiveness
38 of the nonprofit group, the connection with the community in which the
39 group operates, and the ability to contact taxpayers that are unlikely
40 to claim the federal earned income tax credit, including but not limited
41 to non-English speakers, elderly, tenants, and very low-income
42 taxpayers who do not file tax returns annually. The department shall
43 give preference to nonprofit groups with members in low- and
44 moderate-income areas, nonprofit groups with at least fifty-one percent
45 of the board of directors having low- to moderate-incomes and
46 residents of target communities, and to nonprofit groups that have a
47 record of effective door-to-door outreach for similar community
48 projects.

49 6. The director of the department of revenue shall promulgate
50 rules and regulations to administer the provisions of this section. Any
51 rule or portion of a rule, as that term is defined in section 536.010 that
52 is created under the authority delegated in this section shall become
53 effective only if it complies with and is subject to all of the provisions
54 of chapter 536, and, if applicable, section 536.028. This section and
55 chapter 536 are nonseverable and if any of the powers vested with the
56 general assembly pursuant to chapter 536, to review, to delay the
57 effective date, or to disapprove and annul a rule are subsequently held
58 unconstitutional, then the grant of rulemaking authority and any rule

59 proposed or adopted after August 28, 2016, shall be invalid and void.

60 7. Under section 23.253 of the Missouri sunset act:

61 (1) The provisions of the new program authorized under this
62 section shall automatically sunset on December thirty-first six years
63 after the effective date of this section unless reauthorized by an act of
64 the general assembly; and

65 (2) If such program is reauthorized, the program authorized
66 under this section shall automatically sunset on December thirty- first
67 twelve years after the effective date of the reauthorization of this
68 section; and

69 (3) This section shall terminate on September first of the
70 calendar year immediately following the calendar year in which the
71 program authorized under this section is sunset.

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Bill

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