

SENATE BILL NO. 1496

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHROER.

6002S.011

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 143.011, 144.014, 144.020, and 144.1021, RSMo, and to enact in lieu thereof four new sections relating to taxation.

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

Section A. Sections 143.011, 144.014, 144.020, and
2 144.1021, RSMo, are repealed and four new sections enacted in
3 lieu thereof, to be known as sections 135.180, 143.011, 144.014,
4 and 144.020, to read as follows:

135.180. 1. For the purposes of this section, the
2 term "taxpayer" shall mean any resident of the state of
3 Missouri, as defined in section 143.101, that is at least
4 eighteen years of age.

5 2. For all years beginning on or after January 1,
6 2025, each taxpayer that timely files a return pursuant to
7 this section shall be entitled to a payment from the state
8 in an amount equal to one thousand five hundred dollars.

9 3. Returns shall be filed on or before the fifteenth
10 day of the fourth month of each year in order to be eligible
11 for a payment pursuant to this section.

12 4. The department of revenue shall promulgate rules as
13 to the content and form of the return required pursuant to
14 this section. Any rule or portion of a rule, as that term
15 is defined in section 536.010, that is created under the
16 authority delegated in this section shall become effective
17 only if it complies with and is subject to all of the

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

18 provisions of chapter 536 and, if applicable, section
 19 536.028. This section and chapter 536 are nonseverable and
 20 if any of the powers vested with the general assembly
 21 pursuant to chapter 536 to review, to delay the effective
 22 date, or to disapprove and annul a rule are subsequently
 23 held unconstitutional, then the grant of rulemaking
 24 authority and any rule proposed or adopted after August 28,
 25 2024, shall be invalid and void.

143.011. 1. For all tax years beginning on or before
 2 December 31, 2024, a tax is hereby imposed for every taxable
 3 year on the Missouri taxable income of every resident. The
 4 tax shall be determined by applying the tax table or the
 5 rate provided in section 143.021, which is based upon the
 6 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
Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000

23	Over \$7,000 but not	\$210 plus 5% of excess over
24	over \$8,000	\$7,000
25	Over \$8,000 but not	\$260 plus 5 1/2% of excess
26	over \$9,000	over \$8,000
27	Over \$9,000	\$315 plus 6% of excess over
28		\$9,000

29 2. (1) Notwithstanding the provisions of subsection 1
 30 of this section to the contrary, beginning with the 2023
 31 calendar year, the top rate of tax pursuant to subsection 1
 32 of this section shall be four and ninety-five hundredths
 33 percent.

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

37 (3) The director of the department of revenue shall,
 38 by rule, adjust the tax table provided in subsection 1 of
 39 this section to effectuate the provisions of this
 40 subsection. The top remaining rate of tax shall apply to
 41 all income in excess of seven thousand dollars, as adjusted
 42 pursuant to subsection 5 of this section.

43 3. (1) In addition to the rate reduction under
 44 subsection 2 of this section, beginning with the 2024
 45 calendar year, the top rate of tax under subsection 1 of
 46 this section may be reduced by fifteen hundredths of a
 47 percent. A reduction in the rate of tax shall take effect
 48 on January first of a calendar year and such reduced rates
 49 shall continue in effect until the next reduction occurs.

50 (2) A reduction in the rate of tax shall only occur if
 51 the amount of net general revenue collected in the previous
 52 fiscal year exceeds the highest amount of net general
 53 revenue collected in any of the three fiscal years prior to

54 such fiscal year by at least one hundred seventy-five
55 million dollars.

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

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

62 4. [(1) In addition to the rate reductions under
63 subsections 2 and 3 of this section, beginning with the
64 calendar year immediately following the calendar year in
65 which a reduction is made pursuant to subsection 3 of this
66 section, the top rate of tax under subsection 1 of this
67 section may be further reduced over a period of years. Each
68 reduction in the top rate of tax shall be by one-tenth of a
69 percent and no more than one reduction shall occur in a
70 calendar year. No more than three reductions shall be made
71 under this subsection. Reductions in the rate of tax shall
72 take effect on January first of a calendar year and such
73 reduced rates shall continue in effect until the next
74 reduction occurs.

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

77 a. The amount of net general revenue collected in the
78 previous fiscal year exceeds the highest amount of net
79 general revenue collected in any of the three fiscal years
80 prior to such fiscal year by at least two hundred million
81 dollars; and

82 b. The amount of net general revenue collected in the
83 previous fiscal year exceeds the amount of net general
84 revenue collected in the fiscal year five years prior,

85 adjusted annually by the percentage increase in inflation
86 over the preceding five fiscal years.

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

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

95 (4) The director of the department of revenue shall,
96 by rule, adjust the tax tables under subsection 1 of this
97 section to effectuate the provisions of this subsection.
98 The bracket for income subject to the top rate of tax shall
99 be eliminated once the top rate of tax has been reduced
100 below the rate applicable to such bracket, and the top
101 remaining rate of tax shall apply to all income in excess of
102 the income in the second highest remaining income bracket.]

103 **For all tax years beginning on or after January 1, 2025,**
104 **there shall be no tax imposed upon Missouri taxable income**
105 **pursuant to this section.**

106 5. Beginning with the 2017 calendar year, the brackets
107 of Missouri taxable income identified in subsection 1 of
108 this section shall be adjusted annually by the percent
109 increase in inflation. The director shall publish such
110 brackets annually beginning on or after October 1, 2016.
111 Modifications to the brackets shall take effect on January
112 first of each calendar year and shall apply to tax years
113 beginning on or after the effective date of the new brackets.

114 6. As used in this section, the following terms mean:

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

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

121 (3) "Net general revenue collected", all revenue
122 deposited into the general revenue fund, less refunds and
123 revenues originally deposited into the general revenue fund
124 but designated by law for a specific distribution or
125 transfer to another state fund;

126 (4) "Percent increase in inflation", the percentage,
127 if any, by which the CPI for the preceding calendar year
128 exceeds the CPI for the year beginning September 1, 2014,
129 and ending August 31, 2015.

144.014. 1. Notwithstanding other provisions of law
2 to the contrary, beginning October 1, 1997, **and ending**
3 **December 31, 2024**, the tax levied and imposed under this
4 chapter on all retail sales of food shall be at the rate of
5 one percent. **Notwithstanding any provision of law to the**
6 **contrary, beginning January 1, 2025, the tax levied and**
7 **imposed pursuant to this chapter on all retail sales of food**
8 **shall be at the rate of six percent.** The revenue derived
9 from the [one percent] rate **imposed** pursuant to this section
10 shall be deposited by the state treasurer in the school
11 district trust fund and shall be distributed as provided in
12 section 144.701.

13 2. For the purposes of this section, the term "food"
14 shall include only those products and types of food for
15 which food stamps may be redeemed pursuant to the provisions
16 of the Federal Food Stamp Program as contained in 7 U.S.C.
17 Section 2012, as that section now reads or as it may be

18 amended hereafter, and shall include food dispensed by or
19 through vending machines. For the purpose of this section,
20 except for vending machine sales, the term "food" shall not
21 include food or drink sold by any establishment where the
22 gross receipts derived from the sale of food prepared by
23 such establishment for immediate consumption on or off the
24 premises of the establishment constitutes more than eighty
25 percent of the total gross receipts of that establishment,
26 regardless of whether such prepared food is consumed on the
27 premises of that establishment, including, but not limited
28 to, sales of food by any restaurant, fast food restaurant,
29 delicatessen, eating house, or café.

144.020. 1. A tax is hereby levied and imposed for
2 the privilege of titling new and used motor vehicles,
3 trailers, boats, and outboard motors purchased or acquired
4 for use on the highways or waters of this state which are
5 required to be titled under the laws of the state of
6 Missouri and, except as provided in subdivision (9) of this
7 subsection, upon all sellers for the privilege of engaging
8 in the business of selling tangible personal property or
9 rendering taxable service at retail in this state. The rate
10 of tax shall be as follows:

11 (1) Upon every retail sale in this state of tangible
12 personal property, excluding motor vehicles, trailers,
13 motorcycles, mopeds, motortricycles, boats and outboard
14 motors required to be titled under the laws of the state of
15 Missouri and subject to tax under subdivision (9) of this
16 subsection, **for all years ending on or before December 31,**
17 **2024**, a tax equivalent to four percent of the purchase price
18 paid or charged, or in case such sale involves the exchange
19 of property, a tax equivalent to four percent of the
20 consideration paid or charged, including the fair market

21 value of the property exchanged at the time and place of the
22 exchange, except as otherwise provided in section 144.025.

23 **For all years beginning on or after January 1, 2025, the**
24 **rate of tax imposed pursuant to this subdivision shall be**
25 **equivalent to nine percent;**

26 (2) **For all years ending on or before December 31,**
27 **2024,** a tax equivalent to four percent of the amount paid
28 for admission and seating accommodations, or fees paid to,
29 or in any place of amusement, entertainment or recreation,
30 games and athletic events, except amounts paid for any
31 instructional class. **For all years beginning on or after**
32 **January 1, 2025, the rate of tax imposed pursuant to this**
33 **subdivision shall be equivalent to nine percent;**

34 (3) **For all years ending on or before December 31,**
35 **2024,** a tax equivalent to four percent of the basic rate
36 paid or charged on all sales of electricity or electrical
37 current, water and gas, natural or artificial, to domestic,
38 commercial or industrial consumers. **For all years beginning**
39 **on or after January 1, 2025, the rate of tax imposed**
40 **pursuant to this subdivision shall be equivalent to nine**
41 **percent;**

42 (4) (a) **For all years ending on or before December**
43 **31, 2024,** a tax equivalent to four percent on the basic rate
44 paid or charged on all sales of local and long distance
45 telecommunications service to telecommunications subscribers
46 and to others through equipment of telecommunications
47 subscribers for the transmission of messages and
48 conversations and upon the sale, rental or leasing of all
49 equipment or services pertaining or incidental thereto;
50 except that, the payment made by telecommunications
51 subscribers or others, pursuant to section 144.060, and any
52 amounts paid for access to the internet or interactive

53 computer services shall not be considered as amounts paid
54 for telecommunications services. **For all years beginning on**
55 **or after January 1, 2025, the rate of tax imposed pursuant**
56 **to this subdivision shall be equivalent to nine percent;**

57 (b) If local and long distance telecommunications
58 services subject to tax under this subdivision are
59 aggregated with and not separately stated from charges for
60 telecommunications service or other services not subject to
61 tax under this subdivision, including, but not limited to,
62 interstate or international telecommunications services,
63 then the charges for nontaxable services may be subject to
64 taxation unless the telecommunications provider can identify
65 by reasonable and verifiable standards such portion of the
66 charges not subject to such tax from its books and records
67 that are kept in the regular course of business, including,
68 but not limited to, financial statement, general ledgers,
69 invoice and billing systems and reports, and reports for
70 regulatory tariffs and other regulatory matters;

71 (c) A telecommunications provider shall notify the
72 director of revenue of its intention to utilize the
73 standards described in paragraph (b) of this subdivision to
74 determine the charges that are subject to sales tax under
75 this subdivision. Such notification shall be in writing and
76 shall meet standardized criteria established by the
77 department regarding the form and format of such notice;

78 (d) The director of revenue may promulgate and enforce
79 reasonable rules and regulations for the administration and
80 enforcement of the provisions of this subdivision. Any rule
81 or portion of a rule, as that term is defined in section
82 536.010, that is created under the authority delegated in
83 this section shall become effective only if it complies with
84 and is subject to all of the provisions of chapter 536 and,

85 if applicable, section 536.028. This section and chapter
86 536 are nonseverable and if any of the powers vested with
87 the general assembly pursuant to chapter 536 to review, to
88 delay the effective date, or to disapprove and annul a rule
89 are subsequently held unconstitutional, then the grant of
90 rulemaking authority and any rule proposed or adopted after
91 August 28, 2019, shall be invalid and void;

92 (5) **For all years ending on or before December 31,**
93 **2024,** a tax equivalent to four percent of the basic rate
94 paid or charged for all sales of services for transmission
95 of messages of telegraph companies. **For all years beginning**
96 **on or after January 1, 2025, the rate of tax imposed**
97 **pursuant to this subdivision shall be equivalent to nine**
98 **percent;**

99 (6) **For all years ending on or before December 31,**
100 **2024,** a tax equivalent to four percent on the amount of
101 sales or charges for all rooms, meals and drinks furnished
102 at any hotel, motel, tavern, inn, restaurant, eating house,
103 drugstore, dining car, tourist cabin, tourist camp or other
104 place in which rooms, meals or drinks are regularly served
105 to the public. **For all years beginning on or after January**
106 **1, 2025, the rate of tax imposed pursuant to this**
107 **subdivision shall be equivalent to nine percent.** The tax
108 imposed under this subdivision shall not apply to any
109 automatic mandatory gratuity for a large group imposed by a
110 restaurant when such gratuity is reported as employee tip
111 income and the restaurant withholds income tax under section
112 143.191 on such gratuity;

113 (7) **For all years ending on or before December 31,**
114 **2024,** a tax equivalent to four percent of the amount paid or
115 charged for intrastate tickets by every person operating a
116 railroad, sleeping car, dining car, express car, boat,

117 airplane and such buses and trucks as are licensed by the
118 division of motor carrier and railroad safety of the
119 department of economic development of Missouri, engaged in
120 the transportation of persons for hire. **For all years**
121 **beginning on or after January 1, 2025, the rate of tax**
122 **imposed pursuant to this subdivision shall be equivalent to**
123 **nine percent;**

124 (8) **For all years ending on or before December 31,**
125 **2024,** a tax equivalent to four percent of the amount paid or
126 charged for rental or lease of tangible personal property,
127 provided that if the lessor or renter of any tangible
128 personal property had previously purchased the property
129 under the conditions of sale at retail or leased or rented
130 the property and the tax was paid at the time of purchase,
131 lease or rental, the lessor, sublessor, renter or subrenter
132 shall not apply or collect the tax on the subsequent lease,
133 sublease, rental or subrental receipts from that property.
134 **For all years beginning on or after January 1, 2025, the**
135 **rate of tax imposed pursuant to this subdivision shall be**
136 **equivalent to nine percent.** The purchase, rental or lease
137 of motor vehicles, trailers, motorcycles, mopeds,
138 motortricycles, boats, and outboard motors shall be taxed
139 and the tax paid as provided in this section and section
140 144.070. In no event shall the rental or lease of boats and
141 outboard motors be considered a sale, charge, or fee to, for
142 or in places of amusement, entertainment or recreation nor
143 shall any such rental or lease be subject to any tax imposed
144 to, for, or in such places of amusement, entertainment or
145 recreation. Rental and leased boats or outboard motors
146 shall be taxed under the provisions of the sales tax laws as
147 provided under such laws for motor vehicles and trailers.
148 Tangible personal property which is exempt from the sales or

149 use tax under section 144.030 upon a sale thereof is
150 likewise exempt from the sales or use tax upon the lease or
151 rental thereof;

152 (9) **For all years ending on or before December 31,**
153 **2024,** a tax equivalent to four percent of the purchase
154 price, as defined in section 144.070, of new and used motor
155 vehicles, trailers, boats, and outboard motors purchased or
156 acquired for use on the highways or waters of this state
157 which are required to be registered under the laws of the
158 state of Missouri. **For all years beginning on or after**
159 **January 1, 2025, the rate of tax imposed pursuant to this**
160 **subdivision shall be equivalent to nine percent.** This tax
161 is imposed on the person titling such property, and shall be
162 paid according to the procedures in section 144.070 or
163 144.440.

164 2. All tickets sold which are sold under the
165 provisions of this chapter which are subject to the sales
166 tax shall have printed, stamped or otherwise endorsed
167 thereon, the words "This ticket is subject to a sales tax."

2 [144.1021. The enactment of sections
3 143.177, 144.608, 144.637, 144.638, and 144.752
4 of this act; the repeal and reenactment of
5 sections 143.011, 144.011, 144.014, 144.020,
6 144.049, 144.054, 144.140, 144.526, and 144.605
7 of this act; and the repeal of sections 144.710,
8 144.1000, 144.1003, 144.1006, 144.1009,
9 144.1012, and 144.1015 of this act shall become
effective January 1, 2023.]

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