

SENATE BILL NO. 849

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR BROWN (16).

4352S.01I

KRISTINA MARTIN, Secretary

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to tax credits for certain engineering degrees.

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

Section A. Chapter 135, RSMo, is amended by adding thereto
2 one new section, to be known as section 135.005, to read as
3 follows:

135.005. 1. For the purposes of this section, the
2 following terms shall mean:

3 (1) "Compensation":

4 (a) Payments in the form of contract labor for which
5 the payor is required to provide a federal tax form 1099 to
6 the person paid;

7 (b) Wages that are subject to withholding tax imposed
8 pursuant to sections 143.191 to 143.265 and paid to a part-
9 time employee or full-time employee; and

10 (c) Any other salary or other remuneration.

11 "Compensation" shall not include employer-provided
12 retirement, medical or healthcare benefits, reimbursement
13 for travel, meals, lodging, or any other expense;

14 (2) "Department", the Missouri department of economic
15 development;

16 (3) "Qualified employee", any person newly employed on
17 a full-time basis by or first contracting with a qualified

18 employer on a full-time basis on or after January 1, 2025,
19 who has been awarded an undergraduate or graduate degree, or
20 a technical degree or certificate from a qualified program
21 by a qualified institution;

22 (4) "Qualified employer", a sole proprietorship,
23 general partnership, limited partnership, limited liability
24 company, corporation, other legally recognized business
25 entity or public entity registered to do business in this
26 state and whose principal business activity involves the
27 engineering sector;

28 (5) "Qualified institution", any public or private
29 institution of higher education that is accredited by a
30 regional accrediting body or the engineering accreditation
31 commission of the accreditation board for engineering and
32 technology (ABET);

33 (6) "Qualified program":

34 (a) A program that has been accredited by the
35 engineering accreditation commission of the accreditation
36 board for engineering and technology (ABET) or a regional
37 accrediting body and that awards an undergraduate or
38 graduate degree in engineering; or

39 (b) A program that results in the awarding of a degree
40 or certificate that prepares the graduate for gainful
41 employment with a qualified employer;

42 (7) "State tax liability", any liability incurred by a
43 taxpayer pursuant to the provisions of chapter 143,
44 exclusive of the provisions relating to the withholding of
45 tax as provided for in sections 143.191 to 143.265 and
46 related provisions;

47 (8) "Tax credit", a credit against the tax otherwise
48 due under chapter 143, excluding withholding tax imposed
49 under sections 143.191 to 143.265;

50 (9) "Taxpayer", any individual subject to the state
51 income tax imposed under chapter 143, excluding the
52 withholding tax imposed under sections 143.191 to 143.265;

53 (10) "Tuition", the amount paid for enrollment,
54 program specific course fees, and instruction in a qualified
55 program that includes both amounts paid during participation
56 in a qualified program or tuition debt upon completion of a
57 qualified program. "Tuition" shall not include the cost of
58 books, fees other than program specific course fees, or room
59 and board.

60 2. (1) For all tax years beginning on or after
61 January 1, 2025, a taxpayer who is a qualified employer
62 shall be allowed a tax credit against the qualified
63 employer's state tax liability for tuition reimbursed to a
64 qualified employee.

65 (2) The tax credit may be claimed only if the
66 qualified employee has been awarded an undergraduate or
67 graduate degree, or technical degree or certificate from a
68 qualified program within one year prior to or following the
69 commencement of employment with a qualified employer, and
70 may be claimed each year thereafter that the qualified
71 employee remains employed up to the fourth year of
72 employment.

73 (3) The tax credit shall be in an amount equal to
74 fifty percent of the tuition reimbursed to a qualified
75 employee during the tax year for which the tax credit is
76 claimed, except that in no event shall the tax credit exceed
77 fifty percent of the average annual amount paid by a
78 qualified employee for enrollment and instruction in a
79 qualified program, as determined by the department.

80 (4) The tax credit shall be applied against the
81 qualified employer's state tax liability after all other tax

82 credits have been applied. Tax credits authorized by this
83 subsection shall not be transferred, sold, or assigned, and
84 shall not be refundable or carried forward to any other tax
85 year.

86 3. (1) For all tax years beginning on or after
87 January 1, 2025, a taxpayer who is a qualified employer
88 shall be allowed a tax credit against the qualified
89 employer's state tax liability for compensation paid during
90 the tax year to a qualified employee. The tax credit may be
91 allowed for the first through fifth consecutive years of
92 employment of the qualified employee. The tax credit shall
93 be equal to the following amounts:

94 (a) For qualified employees who received an
95 undergraduate or graduate degree, or technical degree or
96 certificate from a qualified program awarded by a qualified
97 institution not located in this state, five percent of the
98 compensation paid; or

99 (b) For qualified employees who received an
100 undergraduate or graduate degree, or technical degree or
101 certificate from a qualified program awarded by a qualified
102 institution located in this state, ten percent of the
103 compensation paid.

104 (2) Tax credits authorized by this subsection shall
105 not exceed fifteen thousand dollars for any single qualified
106 employee in any given tax year, and shall not exceed a total
107 of seventy-five thousand dollars for any single qualified
108 employee.

109 (3) The tax credit shall be applied against the
110 qualified employer's state tax liability after all other tax
111 credits have been applied. Tax credits authorized by this
112 subsection shall not be transferred, sold, or assigned, and

113 shall not be refundable or carried forward to any other tax
114 year.

115 (4) No tax credit shall be claimed for compensation
116 paid to a qualified employee after the fifth year of
117 employment of the qualified employee.

118 4. (1) For all tax years beginning on or after
119 January 1, 2025, a taxpayer who becomes a qualified employee
120 during the tax year shall be allowed a tax credit against
121 the taxpayer's state tax liability in an amount equal to
122 five thousand dollars. The tax credit may be claimed each
123 year the taxpayer achieves the status of a qualified
124 employee for five consecutive tax years beginning with the
125 tax year in which the taxpayer becomes a qualified
126 employee. No taxpayer shall claim tax credits pursuant to
127 this subsection that exceed a total of twenty-five thousand
128 dollars.

129 (2) Tax credits authorized by this subsection shall
130 not be transferred, sold, or assigned, and shall not be
131 refundable, but may be carried forward to subsequent tax
132 years, provided that a tax credit shall not be carried
133 forward beyond the fourth tax year succeeding the tax year
134 in which the taxpayer initially claimed the tax credit.

135 5. (1) The department may adopt rules and regulations
136 necessary or convenient for the implementation and
137 administration of this section. Any rule or portion of a
138 rule, as that term is defined in section 536.010, that is
139 created under the authority delegated in this section shall
140 become effective only if it complies with and is subject to
141 all of the provisions of chapter 536 and, if applicable,
142 section 536.028. This section and chapter 536 are
143 nonseverable and if any of the powers vested with the
144 general assembly pursuant to chapter 536 to review, to delay

145 the effective date, or to disapprove and annul a rule are
146 subsequently held unconstitutional, then the grant of
147 rulemaking authority and any rule proposed or adopted after
148 August 28, 2024, shall be invalid and void.

149 (2) The department shall annually submit a written
150 report to the general assembly containing information
151 regarding the cost and effectiveness of the provisions of
152 this section. The department also may include in the report
153 any recommendations for changes to state law necessary to
154 implement the provisions of this section.

155 6. Pursuant to section 23.253 of the Missouri sunset
156 act:

157 (1) The program authorized pursuant to this section
158 shall automatically sunset on December 31, 2030, unless
159 reauthorized by an act of the general assembly; and

160 (2) If such program is reauthorized, the program
161 authorized pursuant to this section shall automatically
162 sunset twelve years after the effective date of the
163 reauthorization; and

164 (3) This section shall terminate on September first of
165 the calendar year immediately following the calendar year in
166 which the program authorized pursuant to this section is
167 sunset; and

168 (4) The provisions of this subsection shall not be
169 construed to limit or in any way impair the department's
170 ability to redeem tax credits authorized on or before the
171 date the program authorized pursuant to this section
172 expires, or a taxpayer's ability to redeem such tax credits.

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