

SENATE SUBSTITUTE  
FOR  
SENATE COMMITTEE SUBSTITUTE  
FOR  
SENATE BILLS NOS. 3 & 5  
AN ACT

To repeal section 143.021, RSMo, and section 143.011 as enacted by senate bills nos. 153 & 97, one hundred first general assembly, first regular session, and to enact in lieu thereof two new sections relating to income taxes, with an effective date for a certain section and an emergency clause for a certain section.

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

Section A. Section 143.021, RSMo, and section 143.011 as  
2 enacted by senate bills nos. 153 & 97, one hundred first general  
3 assembly, first regular session, are repealed and two new  
4 sections enacted in lieu thereof, to be known as sections  
5 143.011 and 143.021, to read as follows:

143.011. 1. A tax is hereby imposed for every taxable  
2 year on the Missouri taxable income of every resident. The  
3 tax shall be determined by applying the tax table or the  
4 rate provided in section 143.021, which is based upon the  
5 following rates:

If the Missouri taxable income is:	The tax is:
8 Not over \$1,000.00 9	1 1/2% of the Missouri taxable income
10 Over \$1,000 but not over 11 \$2,000	\$15 plus 2% of excess over \$1,000
12 Over \$2,000 but not over 13 \$3,000	\$35 plus 2 1/2% of excess over \$2,000

14	Over \$3,000 but not over	\$60 plus 3% of excess over
15	\$4,000	\$3,000
16	Over \$4,000 but not over	\$90 plus 3 1/2% of excess over
17	\$5,000	\$4,000
18	Over \$5,000 but not over	\$125 plus 4% of excess over
19	\$6,000	\$5,000
20	Over \$6,000 but not over	\$165 plus 4 1/2% of excess over
21	\$7,000	\$6,000
22	Over \$7,000 but not over	\$210 plus 5% of excess over
23	\$8,000	\$7,000
24	Over \$8,000 but not over	\$260 plus 5 1/2% of excess over
25	\$9,000	\$8,000
26	Over \$9,000	\$315 plus 6% of excess over
27		\$9,000

28           2. (1) [Beginning with the 2017 calendar year, the  
29 top rate of tax under subsection 1 of this section may be  
30 reduced over a period of years. Each reduction in the top  
31 rate of tax shall be by one-tenth of a percent and no more  
32 than one reduction shall occur in a calendar year. No more  
33 than seven reductions shall be made under this subsection.  
34 Reductions in the rate of tax shall take effect on January  
35 first of a calendar year and such reduced rates shall  
36 continue in effect until the next reduction occurs.

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

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

46 (4) The director of the department of revenue shall,  
47 by rule, adjust the tax tables under subsection 1 of this  
48 section to effectuate the provisions of this subsection.  
49 The bracket for income subject to the top rate of tax shall  
50 be eliminated once the top rate of tax has been reduced to  
51 five and one-half percent, and the top remaining rate of tax  
52 shall apply to all income in excess of the income in the  
53 second highest remaining income bracket.

54 (5) Notwithstanding the provisions of subdivision (1)  
55 of this subsection to the contrary, there shall be no  
56 reduction under this subsection in the 2024 calendar year.  
57 However, such reductions shall continue after the 2024  
58 calendar year for subsequent calendar years.

59 3. (1) In addition to the rate reductions under  
60 subsection 2 of this section, beginning with the 2019  
61 calendar year, the top rate of tax under subsection 1 of  
62 this section shall be reduced by four-tenths of one  
63 percent. Such reduction in the rate of tax shall take  
64 effect on January first of the 2019 calendar year.

65 (2) The modification of tax rates under this  
66 subsection shall only apply to tax years that begin on or  
67 after the date the modification takes effect.

68 (3) The director of the department of revenue shall,  
69 by rule, adjust the tax tables under subsection 1 of this  
70 section to effectuate the provisions of this subsection.

71 4. (1) In addition to the rate reductions under  
72 subsections 2 and 3 of this section, beginning with the 2024  
73 calendar year, the top rate of tax under subsection 1 of  
74 this section shall be reduced by one-tenth of one percent.

75 (2) The modification of tax rates under this  
76 subsection shall apply only to tax years that begin on or  
77 after the date the modification takes effect.

78 (3) The director of the department of revenue shall,  
79 by rule, adjust the tax tables under subsection 1 of this  
80 section to effectuate the provisions of this subsection.]

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

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

88 (3) The director of the department of revenue shall,  
89 by rule, adjust the tax table provided in subsection 1 of  
90 this section to effectuate the provisions of this  
91 subsection. The top remaining rate of tax shall apply to  
92 all income in excess of seven thousand dollars, as adjusted  
93 pursuant to subsection 5 of this section.

94 3. (1) In addition to the rate reduction under  
95 subsection 2 of this section, beginning with the 2024  
96 calendar year, the top rate of tax under subsection 1 of  
97 this section may be reduced by fifteen hundredths of a  
98 percent. A reduction in the rate of tax shall take effect  
99 on January first of a calendar year and such reduced rates  
100 shall continue in effect until the next reduction occurs.

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

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

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

113 4. (1) In addition to the rate reductions under  
114 subsections 2 and 3 of this section, beginning with the  
115 calendar year immediately following the calendar year in  
116 which a reduction is made pursuant to subsection 3 of this  
117 section, the top rate of tax under subsection 1 of this  
118 section may be further reduced over a period of years. Each  
119 reduction in the top rate of tax shall be by one-tenth of a  
120 percent and no more than one reduction shall occur in a  
121 calendar year. No more than three reductions shall be made  
122 under this subsection. Reductions in the rate of tax shall  
123 take effect on January first of a calendar year and such  
124 reduced rates shall continue in effect until the next  
125 reduction occurs.

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

128 a. The amount of net general revenue collected in the  
129 previous fiscal year exceeds the highest amount of net  
130 general revenue collected in any of the three fiscal years  
131 prior to such fiscal year by at least two hundred million  
132 dollars; and

133 b. The amount of net general revenue collected in the  
134 previous fiscal year exceeds the amount of net general  
135 revenue collected in the fiscal year five years prior,  
136 adjusted annually by the percentage increase in inflation  
137 over the preceding five fiscal years.

138 (b) The amount of net general revenue collected  
139 required by subparagraph a of paragraph (a) of this  
140 subdivision in order to make a reduction pursuant to this  
141 subsection shall be adjusted annually by the percent

142 increase in inflation beginning with the effective date of  
143 this section.

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

147 (4) The director of the department of revenue shall,  
148 by rule, adjust the tax tables under subsection 1 of this  
149 section to effectuate the provisions of this subsection.  
150 The bracket for income subject to the top rate of tax shall  
151 be eliminated once the top rate of tax has been reduced  
152 below the rate applicable to such bracket, and the top  
153 remaining rate of tax shall apply to all income in excess of  
154 the income in the second highest remaining income bracket.

155 5. Beginning with the 2017 calendar year, the brackets  
156 of Missouri taxable income identified in subsection 1 of  
157 this section shall be adjusted annually by the percent  
158 increase in inflation. The director shall publish such  
159 brackets annually beginning on or after October 1, 2016.  
160 Modifications to the brackets shall take effect on January  
161 first of each calendar year and shall apply to tax years  
162 beginning on or after the effective date of the new brackets.

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

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

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

170 (3) "Net general revenue collected", all revenue  
171 deposited into the general revenue fund, less refunds and  
172 revenues originally deposited into the general revenue fund  
173 but designated by law for a specific distribution or  
174 transfer to another state fund;

175 (4) "Percent increase in inflation", the percentage,  
176 if any, by which the CPI for the preceding calendar year  
177 exceeds the CPI for the year beginning September 1, 2014,  
178 and ending August 31, 2015.

143.021. 1. Every resident having a taxable income  
2 shall determine his or her tax from the rates provided in  
3 section 143.011. For all tax years beginning on or before  
4 December 31, 2022, there shall be no tax on a taxable income  
5 of less than one hundred dollars.

6 2. (1) Notwithstanding the provisions of subsection 1  
7 of section 143.011 to the contrary, for all tax years  
8 beginning on or after January 1, 2023, there shall be no tax  
9 on taxable income of less than or equal to one thousand  
10 dollars, as adjusted pursuant to subsection 5 of section  
11 143.011.

12 (2) The modifications made pursuant to this subsection  
13 shall only apply to tax years that begin on or after January  
14 1, 2023.

15 (3) The director of the department of revenue shall,  
16 by rule, adjust the tax table provided in subsection 1 of  
17 section 143.011 to effectuate the provisions of this  
18 subsection.

Section B. The repeal and reenactment of section  
2 143.011 of this act shall become effective on January 1,  
3 2023.

Section C. Because of the importance of providing tax  
2 relief for all Missourians, the repeal and reenactment of  
3 section 143.021 of this act is deemed necessary for the  
4 immediate preservation of the public health, welfare, peace,  
5 and safety, and is hereby declared to be an emergency act  
6 within the meaning of the constitution, and the repeal and  
7 reenactment of section 143.021 of this act shall be in full  
8 force and effect upon its passage and approval.