

SENATE BILL NO. 176

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR EIGEL.

0473S.01I

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 143.011, RSMo, and to enact in lieu thereof one new section relating to income taxes.

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

Section A. Section 143.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.011, to read as follows: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

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

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

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

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

42 3. (1) In addition to the rate reduction under
 43 subsection 2 of this section, beginning with the 2024
 44 calendar year, the top rate of tax under subsection 1 of
 45 this section may be reduced by fifteen hundredths of a

46 percent. A reduction in the rate of tax shall take effect
47 on January first of a calendar year and such reduced rates
48 shall continue in effect until the next reduction occurs.

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

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

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

61 4. (1) In addition to the rate reductions under
62 subsections 2 and 3 of this section, beginning with the
63 calendar year immediately following the calendar year in
64 which a reduction is made pursuant to subsection 3 of this
65 section, the top rate of tax under subsection 1 of this
66 section may be further reduced over a period of years. Each
67 reduction in the top rate of tax shall be by one-tenth of a
68 percent and no more than one reduction shall occur in a
69 calendar year. No more than three reductions shall be made
70 under this subsection. Reductions in the rate of tax shall
71 take effect on January first of a calendar year and such
72 reduced rates shall continue in effect until the next
73 reduction occurs.

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

76 a. The amount of net general revenue collected in the
77 previous fiscal year exceeds the highest amount of net

78 general revenue collected in any of the three fiscal years
79 prior to such fiscal year by at least two hundred million
80 dollars; and

81 b. The amount of net general revenue collected in the
82 previous fiscal year exceeds the amount of net general
83 revenue collected in the fiscal year five years prior,
84 adjusted annually by the percentage increase in inflation
85 over the preceding five fiscal years.

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

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

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

102 **5. (1) In addition to the rate reductions under**
103 **subsections 2 to 4 of this section, beginning with the 2024**
104 **calendar year, the top rate of tax under subsection 1 of**
105 **this section may be reduced pursuant to subdivision (2) of**
106 **this subsection. Each reduction in the top rate of tax**
107 **shall be by one-tenth of a percent. Reductions in the rate**
108 **of tax shall take effect on January first of a calendar year**

109 and such reduced rates shall continue in effect until the
110 next reduction occurs.

111 (2) (a) A reduction in the rate of tax pursuant to
112 this subsection shall only occur if net general revenue
113 collected in a fiscal year exceeds baseline net general
114 revenue collections. An additional reduction shall be made
115 for every one hundred forty-five million dollars of net
116 general revenue collected during a fiscal year that is in
117 excess of baseline net general revenue collections, and more
118 than one reduction may occur in a calendar year.

119 (b) Reductions in the rate of tax made pursuant to
120 this subsection shall be permanent and the rate of tax shall
121 not be increased if net general revenue collected in a
122 fiscal year is less than baseline net general revenue
123 collections.

124 (3) The modification of tax rates under this
125 subsection shall only apply to tax years that begin on or
126 after the date the modification takes effect.

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

130 [5.]6. Beginning with the 2017 calendar year, the
131 brackets of Missouri taxable income identified in subsection
132 1 of this section shall be adjusted annually by the percent
133 increase in inflation. The director shall publish such
134 brackets annually beginning on or after October 1, 2016.
135 Modifications to the brackets shall take effect on January
136 first of each calendar year and shall apply to tax years
137 beginning on or after the effective date of the new brackets.

138 [6.]7. As used in this section, the following terms
139 mean:

140 (1) "Baseline net general revenue collections", twelve
141 billion dollars, increased by one hundred forty-five million
142 dollars for every reduction in the rate of tax made pursuant
143 to subsection 5 of this section;

144 [(1)] (2) "CPI", the Consumer Price Index for All Urban
145 Consumers for the United States as reported by the Bureau of
146 Labor Statistics, or its successor index;

147 [(2)] (3) "CPI for the preceding calendar year", the
148 average of the CPI as of the close of the twelve-month
149 period ending on August thirty-first of such calendar year;

150 [(3)] (4) "Net general revenue collected", all revenue
151 deposited into the general revenue fund, less refunds and
152 revenues originally deposited into the general revenue fund
153 but designated by law for a specific distribution or
154 transfer to another state fund;

155 [(4)] (5) "Percent increase in inflation", the
156 percentage, if any, by which the CPI for the preceding
157 calendar year exceeds the CPI for the year beginning
158 September 1, 2014, and ending August 31, 2015.

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