

SENATE BILL NO. 729

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR KOENIG.

3471S.071

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 144.701, RSMo, and to enact in lieu thereof two new sections relating to a tax credit for certain educational expenses.

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

Section A. Section 144.701, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 135.721 and 144.701, to read as follows:

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

(1) "Department", the Missouri department of revenue;

(2) "Home school", the same meaning as provided in section 167.031;

(3) "Private school", a school that is not a part of the public school system of the state of Missouri and that charges tuition for the rendering of elementary or secondary educational services;

(4) "Qualified expenses":

(a) Tuition or fees at a private school or home school;

(b) Textbooks required by a private school or home school;

(c) Educational therapies or services from a licensed or accredited practitioner or provider including, but not limited to, licensed or accredited paraprofessionals or educational aides;

(d) Tutoring services;

- 19 (e) Curriculum;
- 20 (f) Tuition or fees for a private virtual school;
- 21 (g) Fees for a nationally standardized norm-referenced
- 22 achievement test, advanced placement examinations,
- 23 international baccalaureate examinations, or any
- 24 examinations related to college or university admission;
- 25 (h) Services provided by a public school including,
- 26 but not limited to, individual classes and extracurricular
- 27 programs;
- 28 (i) Computer hardware or other technological devices
- 29 that are used to help meet the qualified student's
- 30 educational needs;
- 31 (j) Fees for summer education programs and specialized
- 32 after-school education programs; and
- 33 (k) Transportation costs for mileage to and from a
- 34 private school or home school;

35 "Qualified expenses" shall not include consumable

36 educational supplies including, but not limited to, paper,

37 pens, pencils, or markers; tuition at a private school

38 located outside of the state of Missouri; or payments or

39 reimbursements to any person related within the third degree

40 of consanguinity or affinity to a qualified student;

41 (5) "Qualified student", a child who is required to be

42 educated pursuant to section 167.031;

43 (6) "Resident school district", the school district in

44 which a taxpayer's residence is located;

45 (7) "Tax credit", a credit against the tax otherwise

46 due under chapter 143, excluding withholding tax imposed

47 under sections 143.191 to 143.265;

48 (8) "Taxpayer", any individual subject to the state

49 income tax imposed under chapter 143, excluding the

50 withholding tax imposed under sections 143.191 to 143.265,
51 and who did not enroll a qualified student in the resident
52 school district during the tax year for which the taxpayer
53 is claiming a tax credit pursuant to this section.

54 2. (1) For all tax years beginning on or after
55 January 1, 2025, a taxpayer shall be authorized to claim a
56 tax credit against the taxpayer's state tax liability in an
57 amount equal to one hundred percent of qualified expenses
58 incurred for educating a qualified student at a private
59 school or home school, provided that no tax credit
60 authorized pursuant to this section shall exceed the state
61 adequacy target, as defined in section 163.011.

62 (2) Tax credits authorized pursuant to this section
63 shall not be transferred, sold, or assigned.

64 (3) Any amount of tax credit that exceeds the
65 taxpayer's state tax liability shall be considered an
66 overpayment of taxes and shall be refunded.

67 3. Tax credits authorized pursuant to this section
68 shall be claimed by the taxpayer at the time such taxpayer
69 files a return. The taxpayer shall submit to the department
70 certification obtained after November fifteenth from the
71 department of elementary and secondary education that the
72 taxpayer did not enroll a qualified student in the
73 taxpayer's resident school district during the tax year for
74 which the taxpayer is claiming a tax credit pursuant to this
75 section.

76 4. Notwithstanding any provision of law to the
77 contrary, the amount of revenue distributed to a school
78 district pursuant to section 144.701 shall be reduced by an
79 amount equal to the aggregate amount of tax credits claimed
80 pursuant to this section by taxpayers residing in the school
81 district. Notwithstanding the provisions of section 32.057

82 to the contrary, the department shall provide to the
83 department of elementary and secondary education any
84 information required to allow the department of elementary
85 and secondary education to make reductions as required by
86 this subsection.

87 5. The department shall promulgate rules to implement
88 the provisions of this section. Any rule or portion of a
89 rule, as that term is defined in section 536.010, that is
90 created under the authority delegated in this section shall
91 become effective only if it complies with and is subject to
92 all of the provisions of chapter 536 and, if applicable,
93 section 536.028. This section and chapter 536 are
94 nonseverable and if any of the powers vested with the
95 general assembly pursuant to chapter 536 to review, to delay
96 the effective date, or to disapprove and annul a rule are
97 subsequently held unconstitutional, then the grant of
98 rulemaking authority and any rule proposed or adopted after
99 August 28, 2024, shall be invalid and void.

100 6. The provisions of section 23.253 shall not apply to
101 this section.

144.701. 1. The revenue derived from the rate of one
2 cent on the dollar of the tax imposed by sections 144.010 to
3 144.430 and sections 144.600 to 144.745 which shall be
4 deemed to be local tax revenue, shall be deposited by the
5 state treasurer in a special trust fund, which is hereby
6 created, to be known as the "School District Trust Fund".
7 The money in the fund shall be distributed to the public
8 school districts of the state in the manner provided in
9 sections 163.031 and 163.087 and shall be appropriated and
10 used for no other purpose; except that, of all refunds made
11 of taxes collected under the provisions of sections 144.010
12 to 144.430 and sections 144.600 to 144.745, the appropriate

13 percentage of any refund shall be paid from the school
14 district trust fund, and except that the state may retain a
15 fee as a charge for collecting and disbursing moneys so
16 deposited, and transfers may be made from the fund as
17 provided in section 164.013. The state collection fee shall
18 not exceed two and one-half million dollars or one percent
19 of the amount deposited in the fund, whichever is less. The
20 fee shall be negotiated annually through the appropriation
21 process. Any balance remaining in the fund at the end of an
22 appropriation period shall not be transferred to general
23 revenue, and the provisions of section 33.080 shall not
24 apply to the fund. Moneys in the trust fund shall be
25 invested by the state treasurer in the same deposits and
26 obligations in which state funds are authorized by law to be
27 invested, except that the deposits and obligations shall
28 mature and become payable in time for distribution of the
29 funds as provided in sections 163.031 and 163.087.

30 **2. Notwithstanding any provision of law to the**
31 **contrary, the amount of revenue distributed to a school**
32 **district pursuant to this section shall be reduced by an**
33 **amount equal to the aggregate amount of tax credits claimed**
34 **pursuant to section 135.721 by taxpayers residing in the**
35 **school district, as provided in subsection 4 of section**
36 **135.721.**

✓