

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILLS NOS. 195 & 53

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a tax credit for certain educational expenses.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.721, to read as follows:

135.721. 1. This section shall be known and may be cited as the "Missouri Parental Choice Tax Credit Act".

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

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

(2) "Nonpublic school", any school that is not a part of the public school system of the state of Missouri and that renders elementary or secondary educational services, regardless of whether such school charges tuition;

(3) "Qualified expenses":

(a) Tuition or fees at a nonpublic school;

(b) Textbooks required by a nonpublic 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;

(e) Curriculum;

(f) Tuition or fees for a private virtual school;

(g) Fees for a nationally standardized norm-referenced achievement test, advanced placement examinations, or any examinations related to college or university admission;

(h) Fees for services provided by a public school including, but not limited to, individual classes and extracurricular programs;

(i) Computer hardware or other technological devices that are used to help meet the qualified student's educational needs;

(j) Fees for summer education programs and specialized after-school education programs; and

(k) Transportation costs for mileage to and from a nonpublic school;

"Qualified expenses" shall not include consumable educational supplies including, but not limited to, paper, pens, pencils, or markers; tuition at a private school located outside of the state of Missouri; or payments or reimbursements to any person related within the third degree of consanguinity or affinity to a qualified student;

(4) "Qualified student", a child who is not enrolled in a public school and who is required to be educated pursuant to section 167.031;

(5) "Resident school district", the school district in which a taxpayer's residence is located;

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

(7) "Taxpayer", any individual subject to the state income tax imposed under chapter 143, excluding the withholding tax imposed under sections 143.191 to 143.265, and who:

(a) Enrolled a qualified student in a nonpublic school during the tax year for which the taxpayer is claiming a tax credit pursuant to this section; and

(b) Did not enroll a qualified student in the resident school district during the tax year for which the taxpayer is claiming a tax credit pursuant to this section.

3. (1) For all tax years beginning on or after January 1, 2026, a taxpayer shall be authorized to claim a tax credit against the taxpayer's state tax liability in an amount equal to one hundred percent of qualified expenses incurred for educating a qualified student at a nonpublic school, provided that no tax credit authorized pursuant to this section shall exceed the state adequacy target, as defined in section 163.011.

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

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

(4) Notwithstanding any provision of law to the contrary, no tax credit shall be issued pursuant to this section for any qualified expenses that were paid for using a Missouri empowerment scholarship account created pursuant to sections 166.700 to 166.720.

4. Tax credits authorized pursuant to this section shall be claimed by the taxpayer at the time such taxpayer files a return.

5. The department shall promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable,

section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2025, shall be invalid and void.

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

(1) The program authorized pursuant to this section shall automatically sunset six years after the effective date of this section unless reauthorized by an act of the general assembly; and

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

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

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