

SENATE BILL NO. 146

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR COLEMAN.

0647S.011

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Section A. Section 143.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.011, to read as follows: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. **For all tax years beginning on or before December 31, 2025**, 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.

17	Over \$4,000 but not over	\$90 plus 3 1/2% of excess over
18	\$5,000	\$4,000
19	Over \$5,000 but not over	\$125 plus 4% of excess over
20	\$6,000	\$5,000
21	Over \$6,000 but not over	\$165 plus 4 1/2% of excess over
22	\$7,000	\$6,000
23	Over \$7,000 but not over	\$210 plus 5% of excess over
24	\$8,000	\$7,000
25	Over \$8,000 but not over	\$260 plus 5 1/2% of excess over
26	\$9,000	\$8,000
27	Over \$9,000	\$315 plus 6% of excess over
28		\$9,000

29 2. (1) Notwithstanding the provisions of subsection 1
30 of this section to the contrary, beginning with the 2023
31 calendar year, the top rate of tax pursuant to subsection 1
32 of this section shall be four and ninety-five hundredths
33 percent.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

95 (4) The director of the department of revenue shall,
96 by rule, adjust the tax tables under subsection 1 of this
97 section to effectuate the provisions of this subsection.
98 The bracket for income subject to the top rate of tax shall
99 be eliminated once the top rate of tax has been reduced
100 below the rate applicable to such bracket, and the top
101 remaining rate of tax shall apply to all income in excess of
102 the income in the second highest remaining income bracket]
103 **For all tax years beginning on or after January 1, 2026,**
104 **there shall be no tax imposed upon Missouri taxable income**
105 **pursuant to this section.**

106 5. Beginning with the 2017 calendar year, the brackets
107 of Missouri taxable income identified in subsection 1 of
108 this section shall be adjusted annually by the percent
109 increase in inflation. The director shall publish such
110 brackets annually beginning on or after October 1, 2016.

111 Modifications to the brackets shall take effect on January
112 first of each calendar year and shall apply to tax years
113 beginning on or after the effective date of the new brackets.

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

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

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

121 (3) "Net general revenue collected", all revenue
122 deposited into the general revenue fund, less refunds and
123 revenues originally deposited into the general revenue fund
124 but designated by law for a specific distribution or
125 transfer to another state fund;

126 (4) "Percent increase in inflation", the percentage,
127 if any, by which the CPI for the preceding calendar year
128 exceeds the CPI for the year beginning September 1, 2014,
129 and ending August 31, 2015.

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