

# SENATE BILL NO. 190

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR BROWN (16).

1420S.01I

KRISTINA MARTIN, Secretary

## AN ACT

To repeal section 135.800, RSMo, and to enact in lieu thereof two new sections relating to tax credits for certain engineering degrees.

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

Section A. Section 135.800, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 135.005 and 135.800, to read as follows:

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

(1) "Compensation":

(a) Payments in the form of contract labor for which the payer is required to provide a federal tax form 1099 to the person paid;

(b) Wages that are subject to withholding tax imposed under sections 143.191 to 143.265 and paid to a part-time employee or full-time employee; and

(c) Any other salary or other remuneration.

"Compensation" shall not include employer-provided retirement, medical or health care benefits, reimbursement for travel, meals, lodging, or any other expense;

(2) "Department", the Missouri department of economic development;

(3) "Qualified employer", a sole proprietorship, general partnership, limited partnership, limited liability

18 company, corporation, other legally recognized business  
19 entity, or public entity registered to do business in this  
20 state and whose principal business activity involves the  
21 engineering sector;

22 (4) "Qualified institution", any public or private  
23 institution of higher education that is accredited by a  
24 regional accrediting body or the engineering accreditation  
25 commission of the accreditation board for engineering and  
26 technology (ABET);

27 (5) "Qualified program":

28 (a) A program that has been accredited by the  
29 engineering accreditation commission of the accreditation  
30 board for engineering and technology (ABET) or a regional  
31 accrediting body and that awards an undergraduate or  
32 graduate degree in engineering; or

33 (b) A program that results in the awarding of a degree  
34 or certificate that prepares the graduate for gainful  
35 employment with a qualified employer;

36 (6) "Qualified worker", any person newly employed on a  
37 full-time basis by or first contracting with a qualified  
38 employer on a full-time basis on or after January 1, 2026,  
39 who has been awarded an undergraduate or graduate degree, or  
40 a technical degree or certificate from a qualified program  
41 by a qualified institution;

42 (7) "State tax liability", any liability incurred by a  
43 taxpayer pursuant to the provisions of chapter 143,  
44 exclusive of the provisions relating to the withholding of  
45 tax as provided for in sections 143.191 to 143.265 and  
46 related provisions;

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

50 (9) "Taxpayer", any individual or qualified employer,  
51 as defined under this section, subject to the state income  
52 tax imposed under chapter 143, excluding the withholding tax  
53 imposed under sections 143.191 to 143.265;

54 (10) "Tuition", the amount paid for enrollment,  
55 program specific course fees, and instruction in a qualified  
56 program that includes both amounts paid during participation  
57 in a qualified program or tuition debt upon completion of a  
58 qualified program. "Tuition" shall not include the cost of  
59 books, fees other than program specific course fees, or room  
60 and board.

61 2. (1) For all tax years beginning on or after  
62 January 1, 2026, a qualified employer shall be allowed a tax  
63 credit against the qualified employer's state tax liability  
64 for tuition reimbursed to a qualified worker.

65 (2) The tax credit may be claimed only if the  
66 qualified worker has been awarded an undergraduate or  
67 graduate degree or technical degree or certificate from a  
68 qualified program within one year prior to or following the  
69 commencement of employment with a qualified employer, and  
70 may be claimed each year thereafter that the qualified  
71 worker remains employed or under contract up to the fourth  
72 year of such employment or contract.

73 (3) The tax credit shall be in an amount equal to  
74 fifty percent of the tuition reimbursed to a qualified  
75 worker during the tax year for which the tax credit is  
76 claimed, except that in no event shall the tax credit exceed  
77 fifty percent of the average annual amount paid by a  
78 qualified worker for enrollment and instruction in a  
79 qualified program, as determined by the department.

80 (4) The tax credit shall be applied against the  
81 qualified employer's state tax liability after all other tax

82 credits have been applied. Tax credits authorized by this  
83 subsection shall not be transferred, sold, or assigned, and  
84 shall not be refundable or carried forward to any other tax  
85 year.

86 3. (1) For all tax years beginning on or after  
87 January 1, 2026, a qualified employer shall be allowed a tax  
88 credit against the qualified employer's state tax liability  
89 for compensation paid during the tax year to a qualified  
90 worker. The tax credit may be allowed for the first through  
91 fifth consecutive years of employment or contract of the  
92 qualified worker. For qualified workers who received an  
93 undergraduate or graduate degree or technical degree or  
94 certificate from a qualified program awarded by a qualified  
95 institution, the tax credit amount shall be equal to ten  
96 percent of the compensation paid.

97 (2) Tax credits authorized by this subsection shall  
98 not exceed fifteen thousand dollars for any single qualified  
99 worker in any given tax year and shall not exceed a total of  
100 seventy-five thousand dollars for any single qualified  
101 worker.

102 (3) The tax credit shall be applied against the  
103 qualified employer's state tax liability after all other tax  
104 credits have been applied. Tax credits authorized by this  
105 subsection shall not be transferred, sold, or assigned and  
106 shall not be refundable or carried forward to any other tax  
107 year.

108 (4) No tax credit shall be claimed for compensation  
109 paid to a qualified worker after the fifth year of  
110 employment of the qualified worker or the fifth year of the  
111 worker's contract.

112 4. (1) For all tax years beginning on or after  
113 January 1, 2026, a taxpayer who becomes a qualified worker

114 during the tax year shall be allowed a tax credit against  
115 the taxpayer's state tax liability in an amount equal to two  
116 thousand five hundred dollars. The tax credit may be  
117 claimed each year the taxpayer achieves the status of a  
118 qualified worker for five consecutive tax years beginning  
119 with the tax year in which the taxpayer becomes a qualified  
120 worker. No taxpayer shall claim tax credits pursuant to  
121 this subsection that exceed a total of twelve thousand five  
122 hundred dollars.

123 (2) Tax credits authorized by this subsection shall  
124 not be transferred, sold, or assigned, and shall not be  
125 refundable, but may be carried forward to subsequent tax  
126 years, provided that a tax credit shall not be carried  
127 forward beyond the fourth tax year succeeding the tax year  
128 in which the taxpayer initially claimed the tax credit.

129 5. The tax credit authorized by this section shall be  
130 considered a training and educational tax credit, as defined  
131 under section 135.800, and shall be subject to the  
132 provisions of section 135.800 to 135.830.

133 6. (1) The department may adopt rules and regulations  
134 necessary or convenient for the implementation and  
135 administration of this section. Any rule or portion of a  
136 rule, as that term is defined in section 536.010, that is  
137 created under the authority delegated in this section shall  
138 become effective only if it complies with and is subject to  
139 all of the provisions of chapter 536 and, if applicable,  
140 section 536.028. This section and chapter 536 are  
141 nonseverable and if any of the powers vested with the  
142 general assembly pursuant to chapter 536 to review, to delay  
143 the effective date, or to disapprove and annul a rule are  
144 subsequently held unconstitutional, then the grant of

145 rulemaking authority and any rule proposed or adopted after  
146 August 28, 2025, shall be invalid and void.

147 (2) The department shall annually submit a written  
148 report to the general assembly containing information  
149 regarding the cost and effectiveness of the provisions of  
150 this section. The department also may include in the report  
151 any recommendations for changes to state law necessary to  
152 implement the provisions of this section.

153 7. Under section 23.253 of the Missouri sunset act:

154 (1) The program authorized pursuant to this section  
155 shall automatically sunset on December 31, 2031, unless  
156 reauthorized by an act of the general assembly; and

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

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

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

135.800. 1. The provisions of sections 135.800 to  
2 135.830 shall be known and may be cited as the "Tax Credit  
3 Accountability Act of 2004".

4 2. As used in sections 135.800 to 135.830, the  
5 following terms mean:

6 (1) "Administering agency", the state agency or  
7 department charged with administering a particular tax

8 credit program, as set forth by the program's enacting  
9 statute; where no department or agency is set forth, the  
10 department of revenue;

11 (2) "Agricultural tax credits", the agricultural  
12 product utilization contributor tax credit created pursuant  
13 to section 348.430, the new generation cooperative incentive  
14 tax credit created pursuant to section 348.432, the family  
15 farm breeding livestock loan tax credit created under  
16 section 348.505, the qualified beef tax credit created under  
17 section 135.679, and the wine and grape production tax  
18 credit created pursuant to section 135.700;

19 (3) "Business recruitment tax credits", the business  
20 facility tax credit created pursuant to sections 135.110 to  
21 135.150 and section 135.258, the enterprise zone tax  
22 benefits created pursuant to sections 135.200 to 135.270,  
23 the business use incentives for large-scale development  
24 programs created pursuant to sections 100.700 to 100.850,  
25 the development tax credits created pursuant to sections  
26 32.100 to 32.125, the rebuilding communities tax credit  
27 created pursuant to section 135.535, the film production tax  
28 credit created pursuant to section 135.750, the enhanced  
29 enterprise zone created pursuant to sections 135.950 to  
30 135.970, and the Missouri quality jobs program created  
31 pursuant to sections 620.1875 to 620.1900;

32 (4) "Community development tax credits", the  
33 neighborhood assistance tax credit created pursuant to  
34 sections 32.100 to 32.125, the family development account  
35 tax credit created pursuant to sections 208.750 to 208.775,  
36 the dry fire hydrant tax credit created pursuant to section  
37 320.093, and the transportation development tax credit  
38 created pursuant to section 135.545;

39           (5) "Domestic and social tax credits", the youth  
40 opportunities tax credit created pursuant to section 135.460  
41 and sections 620.1100 to 620.1103, the shelter for victims  
42 of domestic violence **or rape crisis center tax credit**  
43 created pursuant to section 135.550, the senior citizen or  
44 disabled person property tax credit created pursuant to  
45 sections 135.010 to 135.035, the adoption tax credit created  
46 pursuant to sections 135.325 to 135.339, the champion for  
47 children tax credit created pursuant to section 135.341, the  
48 maternity home tax credit created pursuant to section  
49 135.600, the surviving spouse tax credit created pursuant to  
50 section 135.090, the residential treatment agency tax credit  
51 created pursuant to section 135.1150, the pregnancy resource  
52 center tax credit created pursuant to section 135.630, the  
53 food pantry tax credit created pursuant to section 135.647,  
54 the residential dwelling access tax credit created pursuant  
55 to section 135.562, the developmental disability care  
56 provider tax credit created under section 135.1180, the  
57 shared care tax credit created pursuant to section 192.2015,  
58 the health, hunger, and hygiene tax credit created pursuant  
59 to section 135.1125, and the diaper bank tax credit created  
60 pursuant to section 135.621;

61           (6) "Entrepreneurial tax credits", the capital tax  
62 credit created pursuant to sections 135.400 to 135.429, the  
63 certified capital company tax credit created pursuant to  
64 sections 135.500 to 135.529, the seed capital tax credit  
65 created pursuant to sections 348.300 to 348.318, the new  
66 enterprise creation tax credit created pursuant to sections  
67 620.635 to 620.653, the research tax credit created pursuant  
68 to section 620.1039, the small business incubator tax credit  
69 created pursuant to section 620.495, the guarantee fee tax  
70 credit created pursuant to section 135.766, and the new



71 generation cooperative tax credit created pursuant to  
72 sections 32.105 to 32.125;

73 (7) "Environmental tax credits", the charcoal producer  
74 tax credit created pursuant to section 135.313, the wood  
75 energy tax credit created pursuant to sections 135.300 to  
76 135.311, and the alternative fuel stations tax credit  
77 created pursuant to section 135.710;

78 (8) "Financial and insurance tax credits", the bank  
79 franchise tax credit created pursuant to section 148.030,  
80 the bank tax credit for S corporations created pursuant to  
81 section 143.471, the exam fee tax credit created pursuant to  
82 section 148.400, the health insurance pool tax credit  
83 created pursuant to section 376.975, the life and health  
84 insurance guaranty **association** tax credit created pursuant  
85 to section 376.745, the property and casualty guaranty  
86 **association** tax credit created pursuant to section 375.774,  
87 and the self-employed health insurance tax credit created  
88 pursuant to section 143.119;

89 (9) "Housing tax credits", the neighborhood  
90 preservation tax credit created pursuant to sections 135.475  
91 to 135.487, the low-income housing tax credit created  
92 pursuant to sections 135.350 to 135.363, and the affordable  
93 housing tax credit created pursuant to sections 32.105 to  
94 32.125;

95 (10) "Recipient", the individual or entity who both:  
96 (a) Is the original applicant for a tax credit; and  
97 (b) Who directly receives a tax credit or the right to  
98 transfer a tax credit under a tax credit program, regardless  
99 as to whether the tax credit has been used or redeemed; a  
100 recipient shall not include the transferee of a transferable  
101 tax credit;

102           (11) "Redevelopment tax credits", the historic  
103 preservation tax credit created pursuant to sections 253.545  
104 to 253.559, the brownfield redevelopment program tax credit  
105 created pursuant to sections 447.700 to 447.718, the  
106 community development corporations tax credit created  
107 pursuant to sections 135.400 to 135.430, the infrastructure  
108 tax credit created pursuant to subsection 6 of section  
109 100.286, the bond guarantee tax credit created pursuant to  
110 section 100.297, the disabled access tax credit created  
111 pursuant to section 135.490, the new markets tax credit  
112 created pursuant to section 135.680, and the distressed  
113 areas land assemblage tax credit created pursuant to section  
114 99.1205;

115           (12) "Tax credit program", any of the tax credit  
116 programs included in the definitions of agricultural tax  
117 credits, business recruitment tax credits, community  
118 development tax credits, domestic and social tax credits,  
119 entrepreneurial tax credits, environmental tax credits,  
120 housing tax credits, redevelopment tax credits, and training  
121 and educational tax credits;

122           (13) "Training and educational tax credits", the  
123 Missouri works new jobs tax credit and Missouri works  
124 retained jobs credit created pursuant to sections 620.800 to  
125 620.809 **and the engineering workforce development tax credit**  
126 **created under section 135.005.**

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