

# SENATE BILL NO. 226

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR CARTER.

0111S.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, with a referendum clause.

*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Section A. Section 143.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 143.011, to read as follows: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	\$90 plus 3 1/2% of excess
17	over \$5,000	over \$4,000
18	Over \$5,000 but not	\$125 plus 4% of excess over
19	over \$6,000	\$5,000
20	Over \$6,000 but not	\$165 plus 4 1/2% of excess
21	over \$7,000	over \$6,000
22	Over \$7,000 but not	\$210 plus 5% of excess over
23	over \$8,000	\$7,000
24	Over \$8,000 but not	\$260 plus 5 1/2% of excess
25	over \$9,000	over \$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. Beginning with the 2017 calendar year, the brackets  
103 of Missouri taxable income identified in subsection 1 of  
104 this section shall be adjusted annually by the percent  
105 increase in inflation. The director shall publish such  
106 brackets annually beginning on or after October 1, 2016.  
107 Modifications to the brackets shall take effect on January  
108 first of each calendar year and shall apply to tax years  
109 beginning on or after the effective date of the new brackets.

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

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

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

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

122 (4) "Percent increase in inflation", the percentage,  
123 if any, by which the CPI for the preceding calendar year  
124 exceeds the CPI for the year beginning September 1, 2014,  
125 and ending August 31, 2015.

Section B. This act is hereby submitted to the  
2 qualified voters of this state for approval or rejection at  
3 an election which is hereby ordered and which shall be held  
4 and conducted on Tuesday next following the first Monday in  
5 November, 2026, pursuant to the laws and constitutional  
6 provisions of this state for the submission of referendum  
7 measures by the general assembly, and this act shall become  
8 effective when approved by a majority of the votes cast  
9 thereon at such election and not otherwise.

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