

# SENATE BILL NO. 27

## 103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR MOON.

1153S.011

KRISTINA MARTIN, Secretary

### AN ACT

To repeal section 143.011, RSMo, and to enact in lieu thereof two new sections relating to taxation.

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

Section A. Section 143.011, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 143.011 and 146.200, to read as follows: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
Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

18	Over \$5,000 but not over	\$125 plus 4% of excess over
19	\$6,000	\$5,000
20	Over \$6,000 but not over	\$165 plus 4 1/2% of excess over
21	\$7,000	\$6,000
22	Over \$7,000 but not over	\$210 plus 5% of excess over
23	\$8,000	\$7,000
24	Over \$8,000 but not over	\$260 plus 5 1/2% of excess over
25	\$9,000	\$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. (1) In addition to the rate reductions pursuant to**  
103 **subsections 2 to 4 of this section, beginning with the 2026**  
104 **calendar year, the top rate of tax pursuant to subsection 1**  
105 **of this section may be reduced by seventeen-hundredths of**  
106 **one percent. Such reduction in the rate of tax shall take**  
107 **effect on January first of a calendar year.**

108 **(2) A reduction in the rate of tax under this**  
109 **subsection shall only occur if one or more institutions is**

110 subject to the tax imposed on the endowments of institutions  
111 of higher education pursuant to section 146.200.

112 (3) The modification of tax rates under this  
113 subsection shall only apply to tax years that begin on or  
114 after the date the modification takes effect.

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

118 6. Beginning with the 2017 calendar year, the brackets  
119 of Missouri taxable income identified in subsection 1 of  
120 this section shall be adjusted annually by the percent  
121 increase in inflation. The director shall publish such  
122 brackets annually beginning on or after October 1, 2016.  
123 Modifications to the brackets shall take effect on January  
124 first of each calendar year and shall apply to tax years  
125 beginning on or after the effective date of the new brackets.

126 [6.]7. As used in this section, the following terms  
127 mean:

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

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

134 (3) "Net general revenue collected", all revenue  
135 deposited into the general revenue fund, less refunds and  
136 revenues originally deposited into the general revenue fund  
137 but designated by law for a specific distribution or  
138 transfer to another state fund;

139 (4) "Percent increase in inflation", the percentage,  
140 if any, by which the CPI for the preceding calendar year

141 exceeds the CPI for the year beginning September 1, 2014,  
142 and ending August 31, 2015.

146.200. 1. As used in this section, the following  
2 terms shall mean:

3 (1) "Endowment", a permanent fund held by an  
4 institution of higher education that:

5 (a) Consists of property, cash, cash equivalents,  
6 stocks, bonds, or any other marketable security;

7 (b) Is used for purposes indicated by donors to such  
8 fund or for other purposes related to the mission of the  
9 institution of higher education; and

10 (c) Attempts to maintain and grow the principal of  
11 such fund, while annually disbursing all or part of  
12 investment earnings generated by the fund;

13 (2) "Qualifying institution of higher education", an  
14 institution of higher education that:

15 (a) Is affiliated with, or provides medical faculty  
16 to, any abortion facility, as such term is defined in  
17 section 188.015;

18 (b) Offers specific medical residencies or fellowships  
19 that offer training in performing or inducing abortions; or

20 (c) Supports in any manner any abortion facility where  
21 abortions are performed or induced when not necessary to  
22 save the life of the mother.

23 2. For all tax years beginning on or after January 1,  
24 2026, a tax is hereby imposed for every tax year on the  
25 endowment of a qualifying institution of higher education at  
26 a rate of one and nine-tenths percent of the aggregate fair  
27 market value of the assets of such endowment. Any  
28 institution that becomes a qualifying institution of higher  
29 education on or after January 1, 2026, shall remain subject  
30 to the tax imposed under this section regardless of whether

31 such institution no longer meets the definition of a  
32 qualifying institution of higher education as defined under  
33 this section.

34 3. Revenues generated by the tax imposed under this  
35 section shall be deposited in the general revenue fund.

36 4. The department of revenue shall promulgate rules to  
37 implement the provisions of this section. Any rule or  
38 portion of a rule, as that term is defined in section  
39 536.010, that is created under the authority delegated in  
40 this section shall become effective only if it complies with  
41 and is subject to all of the provisions of chapter 536 and,  
42 if applicable, section 536.028. This section and chapter  
43 536 are nonseverable and if any of the powers vested with  
44 the general assembly under chapter 536 to review, to delay  
45 the effective date, or to disapprove and annul a rule are  
46 subsequently held unconstitutional, then the grant of  
47 rulemaking authority and any rule proposed or adopted after  
48 August 28, 2025, shall be invalid and void.

✓