

SENATE BILL NO. 53

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHROER.

0450S.01I

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 144.701, RSMo, and to enact in lieu thereof two new sections relating to a tax credit for certain educational expenses.

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

Section A. Section 144.701, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 135.721 and 144.701, to read as follows:

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

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

(2) "Home school", the same meaning as provided in section 167.012, or an FPE school, as defined in section 167.013;

(3) "Private school", a school that is not a part of the public school system of the state of Missouri and that charges tuition for the rendering of elementary or secondary educational services;

(4) "Qualified expenses":

(a) Tuition or fees at a private school or home school;

(b) Textbooks required by a private school or home 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;

- 19 (d) Tutoring services;
- 20 (e) Curriculum;
- 21 (f) Tuition or fees for a private virtual school;
- 22 (g) Fees for a nationally standardized norm-referenced
- 23 achievement test, advanced placement examinations,
- 24 international baccalaureate examinations, or any
- 25 examinations related to college or university admission;
- 26 (h) Services provided by a public school including,
- 27 but not limited to, individual classes and extracurricular
- 28 programs;
- 29 (i) Computer hardware or other technological devices
- 30 that are used to help meet the qualified student's
- 31 educational needs;
- 32 (j) Fees for summer education programs and specialized
- 33 after-school education programs; and
- 34 (k) Transportation costs for mileage to and from a
- 35 private school or home school;
- 36 "Qualified expenses" shall not include consumable
- 37 educational supplies including, but not limited to, paper,
- 38 pens, pencils, or markers; tuition at a private school
- 39 located outside of the state of Missouri; or payments or
- 40 reimbursements to any person related within the third degree
- 41 of consanguinity or affinity to a qualified student;
- 42 (5) "Qualified student", a child who is required to be
- 43 educated pursuant to section 167.031;
- 44 (6) "Resident school district", the school district in
- 45 which a taxpayer's residence is located;
- 46 (7) "Tax credit", a credit against the tax otherwise
- 47 due under chapter 143, excluding withholding tax imposed
- 48 under sections 143.191 to 143.265;

49 (8) "Taxpayer", any individual subject to the state
50 income tax imposed under chapter 143, excluding the
51 withholding tax imposed under sections 143.191 to 143.265,
52 and who did not enroll a qualified student in the resident
53 school district during the tax year for which the taxpayer
54 is claiming a tax credit pursuant to this section.

55 2. (1) For all tax years beginning on or after
56 January 1, 2026, a taxpayer shall be authorized to claim a
57 tax credit against the taxpayer's state tax liability in an
58 amount equal to one hundred percent of qualified expenses
59 incurred for educating a qualified student at a private
60 school or home school, provided that no tax credit
61 authorized pursuant to this section shall exceed the state
62 adequacy target, as defined in section 163.011.

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

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

68 3. Tax credits authorized pursuant to this section
69 shall be claimed by the taxpayer at the time such taxpayer
70 files a return. The taxpayer shall submit to the department
71 certification obtained after November fifteenth from the
72 department of elementary and secondary education that the
73 taxpayer did not enroll a qualified student in the
74 taxpayer's resident school district during the tax year for
75 which the taxpayer is claiming a tax credit pursuant to this
76 section.

77 4. Notwithstanding any provision of law to the
78 contrary, the amount of revenue distributed to a school
79 district pursuant to section 144.701 shall be reduced by an
80 amount equal to the aggregate amount of tax credits claimed

81 pursuant to this section by taxpayers residing in the school
82 district. Notwithstanding the provisions of section 32.057
83 to the contrary, the department shall provide to the
84 department of elementary and secondary education any
85 information required to allow the department of elementary
86 and secondary education to make reductions as required by
87 this subsection.

88 5. The department shall promulgate rules to implement
89 the provisions of this section. Any rule or portion of a
90 rule, as that term is defined in section 536.010, that is
91 created under the authority delegated in this section shall
92 become effective only if it complies with and is subject to
93 all of the provisions of chapter 536 and, if applicable,
94 section 536.028. This section and chapter 536 are
95 nonseverable and if any of the powers vested with the
96 general assembly pursuant to chapter 536 to review, to delay
97 the effective date, or to disapprove and annul a rule are
98 subsequently held unconstitutional, then the grant of
99 rulemaking authority and any rule proposed or adopted after
100 August 28, 2025, shall be invalid and void.

101 6. The provisions of section 23.253 shall not apply to
102 this section.

144.701. 1. The revenue derived from the rate of one
2 cent on the dollar of the tax imposed by sections 144.010 to
3 144.430 and sections 144.600 to 144.745 which shall be
4 deemed to be local tax revenue, shall be deposited by the
5 state treasurer in a special trust fund, which is hereby
6 created, to be known as the "School District Trust Fund".
7 The money in the fund shall be distributed to the public
8 school districts of the state in the manner provided in
9 sections 163.031 and 163.087 and shall be appropriated and
10 used for no other purpose; except that, of all refunds made

11 of taxes collected under the provisions of sections 144.010
12 to 144.430 and sections 144.600 to 144.745, the appropriate
13 percentage of any refund shall be paid from the school
14 district trust fund, and except that the state may retain a
15 fee as a charge for collecting and disbursing moneys so
16 deposited, and transfers may be made from the fund as
17 provided in section 164.013. The state collection fee shall
18 not exceed two and one-half million dollars or one percent
19 of the amount deposited in the fund, whichever is less. The
20 fee shall be negotiated annually through the appropriation
21 process. Any balance remaining in the fund at the end of an
22 appropriation period shall not be transferred to general
23 revenue, and the provisions of section 33.080 shall not
24 apply to the fund. Moneys in the trust fund shall be
25 invested by the state treasurer in the same deposits and
26 obligations in which state funds are authorized by law to be
27 invested, except that the deposits and obligations shall
28 mature and become payable in time for distribution of the
29 funds as provided in sections 163.031 and 163.087.

30 **2. Notwithstanding any provision of law to the**
31 **contrary, the amount of revenue distributed to a school**
32 **district pursuant to this section shall be reduced by an**
33 **amount equal to the aggregate amount of tax credits claimed**
34 **pursuant to section 135.721 by taxpayers residing in the**
35 **school district, as provided in subsection 4 of section**
36 **135.721.**

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