

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1407
91ST GENERAL ASSEMBLY

Reported from the Committee on Ways and Means, April 25, 2002, with recommendation that the House Committee Substitute for House Bill No. 1407 Do Pass.

TED WEDEL, Chief Clerk

3111L.03C

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating solely to the creation of an earned income tax credit.

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

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.760, to read as follows:

135.760. 1. Unless as provided in subsection 4 of this section, for all taxable years beginning on or after January 1, 2005, a resident individual who is allowed a federal earned income tax credit pursuant to Section 32 of the Internal Revenue Code shall be allowed a credit against the tax otherwise due pursuant to chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to five percent of the allowable federal earned income tax credit. For all taxable years beginning on or after January 1, 2007, a resident individual who is allowed a federal earned income tax credit pursuant to Section 32 of the Internal Revenue Code shall be allowed a credit against the tax otherwise due pursuant to chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to ten percent of the allowable federal earned income tax credit. For all taxable years beginning on or after January 1, 2009, a resident individual who is allowed a federal earned income tax credit pursuant to Section 32 of the Internal Revenue Code shall be allowed a credit against the tax otherwise due pursuant to chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to fifteen percent of the allowable federal earned income tax credit. For all taxable years beginning on or after January 1, 2011, a resident individual who is allowed a federal earned income tax credit pursuant to Section 32 of the Internal Revenue Code shall be allowed a credit against the tax otherwise due pursuant to chapter 143, RSMo, not

19 including sections 143.191 to 143.265, RSMo, in an amount equal to twenty percent of the
20 allowable federal earned income tax credit. The tax credit allowed by this section shall be
21 claimed by such individual at the time such individual files a return and shall be applied
22 against the income tax liability imposed by chapter 143, RSMo. Where the amount of the
23 credit exceeds the tax liability, the difference shall be refunded to the taxpayer or carried
24 forward into each subsequent taxable year until such credit is fully used.

25 **2.** The director of the department of revenue shall promulgate rules and regulations
26 to administer the provisions of this section. No rule or portion of a rule promulgated
27 pursuant to the authority of this section shall become effective unless it has been
28 promulgated pursuant to chapter 536, RSMo.

29 **3.** Notwithstanding the provision of subsection 4 of section 32.057, RSMo, the
30 department of revenue or any duly authorized employee or agent shall determine whether
31 any taxpayer filing a report or return with the department of revenue who has not applied
32 for the credit allowed pursuant to this section may qualify for the credit, and shall notify
33 any qualified claimant of the claimant's potential eligibility, where the department
34 determines such potential eligibility exists.

35 **4.** If, prior to January 1, 2005, and every year thereafter, the general assembly
36 determines that state revenues are not sufficient to pay for the credit authorized by this
37 section, the general assembly may delay the implementation of the credit by one year by
38 passage of a concurrent resolution specifically authorizing the delay. The concurrent
39 resolution shall state the new implementation date of the credit, not to exceed one year. If
40 the general assembly fails to pass a concurrent resolution as provided in this subsection,
41 the credit will become fully implemented and this subsection shall no longer apply.