

FIRST REGULAR SESSION

# HOUSE BILL NO. 567

## 95TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES OXFORD (Sponsor), LOW, WALSH, ATKINS, NASHEED, PACE, WALTON GRAY, HOSKINS (80), MORRIS, CURLS, HUGHES, WEBB, VOGT, EL-AMIN, TALBOY, JONES (63), CARTER, CALLOWAY, HUMMEL, LeBLANC AND BROWN (50) (Co-sponsors).

1144L.01I

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 143.011, 143.021, and 143.171, RSMo, and to enact in lieu thereof four new sections relating to individual income tax, with a referendum clause.

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

Section A. Sections 143.011, 143.021, and 143.171, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 143.011, 143.021, 143.171, and 143.176, to read as follows:

143.011. **1.** A tax is hereby imposed for every taxable year on the Missouri taxable income of every resident.

**2. For all taxable years ending on or before December 31, 2009,** 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 ½% 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 ½% 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 ½% of excess

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

|    |                                             |                           |
|----|---------------------------------------------|---------------------------|
| 15 |                                             | over \$4,000              |
| 16 | Over \$5,000 but not over \$6,000 . . . . . | \$125 plus 4% of excess   |
| 17 |                                             | over \$5,000              |
| 18 | Over \$6,000 but not over \$7,000 . . . . . | \$165 plus 4 ½% of excess |
| 19 |                                             | over \$6,000              |
| 20 | Over \$7,000 but not over \$8,000 . . . . . | \$210 plus 5% of excess   |
| 21 |                                             | over \$7,000              |
| 22 | Over \$8,000 but not over \$9,000 . . . . . | \$260 plus 5 ½% of        |
| 23 |                                             | excess over \$8,000       |
| 24 | Over \$9,000 . . . . .                      | \$315 plus 6% of excess   |
| 25 |                                             | over \$9,000              |

26       **3. For all taxable years beginning on or after January 1, 2010, the tax shall be**  
 27 **determined by applying the following percentages:**

28       **(1) For Missouri taxable income of less than two thousand dollars, the tax shall be**  
 29 **one and one-half percent of the Missouri taxable income;**

30       **(2) For Missouri taxable income of at least two thousand dollars but not more than**  
 31 **four thousand dollars, the tax shall be two and one-half percent of the Missouri taxable**  
 32 **income;**

33       **(3) For Missouri taxable income of more than four thousand dollars but not more**  
 34 **than six thousand dollars, the tax shall be three and one-half percent of the Missouri**  
 35 **taxable income;**

36       **(4) For Missouri taxable income of more than six thousand dollars but not more**  
 37 **than eight thousand dollars, the tax shall be four and one-half percent of the Missouri**  
 38 **taxable income;**

39       **(5) For Missouri taxable income of more than eight thousand dollars but not more**  
 40 **than ten thousand dollars, the tax shall be five and one-half percent of the Missouri taxable**  
 41 **income;**

42       **(6) For Missouri taxable income of more than ten thousand dollars but not more**  
 43 **than twelve thousand dollars, the tax shall be six and one-fourth percent of the Missouri**  
 44 **taxable income;**

45       **(7) For Missouri taxable income of more than twelve thousand dollars but not more**  
 46 **than fourteen thousand dollars, the tax shall be six and three-fourths percent of the**  
 47 **Missouri taxable income;**

48       **(8) For Missouri taxable income of more than fourteen thousand dollars but not**  
 49 **more than sixteen thousand dollars, the tax shall be seven and one-fourth percent of the**  
 50 **Missouri taxable income;**

51           **(9) For Missouri taxable income of more than sixteen thousand dollars but not**  
52 **more than eighteen thousand dollars, the tax shall be seven and one-half percent of the**  
53 **Missouri taxable income;**

54           **(10) For Missouri taxable income of more than eighteen thousand dollars but not**  
55 **more than twenty thousand dollars, the tax shall be eight and one-fourth percent of the**  
56 **Missouri taxable income;**

57           **(11) For Missouri taxable income of more than twenty thousand dollars but not**  
58 **more than fifty thousand dollars, the tax shall be eight and one-half percent of the Missouri**  
59 **taxable income;**

60           **(12) For Missouri taxable income of more than fifty thousand dollars, the tax shall**  
61 **be nine percent of the Missouri taxable income.**

143.021. 1. Every resident having a taxable income of less than nine thousand dollars  
2 shall determine his tax from a tax table prescribed by the director of revenue and based upon the  
3 rates provided in section 143.011. The tax table shall be on the basis of one hundred dollar  
4 increments of taxable income below nine thousand dollars. The tax provided in the table shall  
5 be the amount rounded to the nearest whole dollar by applying the rates in section 143.011 to the  
6 taxable income at the midpoint of each increment, except there shall be no tax on a taxable  
7 income of less than one hundred dollars. Every resident having a taxable income of nine  
8 thousand dollars or more shall determine his tax from the rate provided in section 143.011.

9           **2. This section shall apply to all tax years ending on or before December 31, 2009.**

143.171. 1. [For all tax years beginning before January 1, 1994, for an individual  
2 taxpayer and for all tax years beginning before September 1, 1993, for a corporate taxpayer, the  
3 taxpayer shall be allowed a deduction for his federal income tax liability under chapter 1 of the  
4 Internal Revenue Code for the same taxable year for which the Missouri return is being filed  
5 after reduction for all credits thereon, except the credit for payments of federal estimated tax, the  
6 credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue  
7 Code by section 31 (tax withheld on wages), section 27 (tax of foreign country and United States  
8 possessions), and section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).

9           **2.] For all tax years beginning on or after January 1, 1994, but ending on or before**  
10 **December 31, 2009,** an individual taxpayer shall be allowed a deduction for his federal income  
11 tax liability under chapter 1 of the Internal Revenue Code for the same taxable year for which  
12 the Missouri return is being filed, not to exceed five thousand dollars on a single taxpayer's  
13 return or ten thousand dollars on a combined return, after reduction for all credits thereon, except  
14 the credit for payments of federal estimated tax, the credit for the overpayment of any federal tax,  
15 and the credits allowed by the Internal Revenue Code by section 31 (tax withheld on wages),

16 section 27 (tax of foreign country and United States possessions), and section 34 (tax on certain  
17 uses of gasoline, special fuels, and lubricating oils).

18 [3.] 2. For all tax years beginning on or after September 1, 1993, a corporate taxpayer  
19 shall be allowed a deduction for fifty percent of its federal income tax liability under chapter 1  
20 of the Internal Revenue Code for the same taxable year for which the Missouri return is being  
21 filed after reduction for all credits thereon, except the credit for payments of federal estimated  
22 tax, the credit for the overpayment of any federal tax, and the credits allowed by the Internal  
23 Revenue Code by section 31 (tax withheld on wages), section 27 (tax of foreign country and  
24 United States possessions), and section 34 (tax on certain uses of gasoline, special fuels and  
25 lubricating oils).

26 [4.] 3. If a federal income tax liability for a tax year prior to the applicability of sections  
27 143.011 to 143.996 for which he was not previously entitled to a Missouri deduction is later paid  
28 or accrued, he may deduct the federal tax in the later year to the extent it would have been  
29 deductible if paid or accrued in the prior year.

**143.176. 1. For all taxable years beginning on or after January 1, 2010, a resident  
2 taxpayer shall be allowed a credit against the tax otherwise due under this chapter,  
3 excluding withholding tax imposed by sections 143.191 to 143.265, for each eligible person  
4 listed in subsection 2 of this section.**

**5 2. The credit authorized in this section may be claimed in the following amounts  
6 for each of the following eligible individuals:**

**7 (1) Any resident taxpayer whose filing status is single or married filing separately  
8 and whose federal adjusted gross income is less than thirty thousand dollars may claim a  
9 credit of one hundred fifty dollars for the taxpayer;**

**10 (2) Any resident taxpayer whose filing status is single or married filing separately  
11 and whose federal adjusted gross income is at least thirty thousand dollars but not more  
12 than fifty thousand dollars may claim a credit for the taxpayer, the taxpayer's spouse, and  
13 any other individual such taxpayer is authorized to claim as a dependent on the taxpayer's  
14 income tax returns according to the following schedule:**

15

| <b>16 Federal adjusted gross income</b> | <b>Tax credit amount</b>   |
|-----------------------------------------|----------------------------|
| <b>17</b>                               | <b>per eligible person</b> |
| <b>18 \$30,000 to 31,000</b>            | <b>\$143.00</b>            |
| <b>19 \$31,001 to 32,000</b>            | <b>\$136.00</b>            |
| <b>20 \$32,001 to 33,000</b>            | <b>\$127.00</b>            |
| <b>21 \$33,001 to 34,000</b>            | <b>\$121.00</b>            |
| <b>22 \$34,001 to 35,000</b>            | <b>\$114.00</b>            |

|    |                           |                 |
|----|---------------------------|-----------------|
| 23 | <b>\$35,001 to 36,000</b> | <b>\$107.00</b> |
| 24 | <b>\$36,001 to 37,000</b> | <b>\$100.00</b> |
| 25 | <b>\$37,001 to 38,000</b> | <b>\$ 93.00</b> |
| 26 | <b>\$38,001 to 39,000</b> | <b>\$ 86.00</b> |
| 27 | <b>\$39,001 to 40,000</b> | <b>\$ 79.00</b> |
| 28 | <b>\$40,001 to 41,000</b> | <b>\$ 71.00</b> |
| 29 | <b>\$41,001 to 42,000</b> | <b>\$ 64.00</b> |
| 30 | <b>\$42,001 to 43,000</b> | <b>\$ 57.00</b> |
| 31 | <b>\$43,001 to 44,000</b> | <b>\$ 50.00</b> |
| 32 | <b>\$44,001 to 45,000</b> | <b>\$ 43.00</b> |
| 33 | <b>\$45,001 to 46,000</b> | <b>\$ 36.00</b> |
| 34 | <b>\$46,001 to 47,000</b> | <b>\$ 29.00</b> |
| 35 | <b>\$47,001 to 48,000</b> | <b>\$ 21.00</b> |
| 36 | <b>\$48,001 to 49,000</b> | <b>\$ 14.00</b> |
| 37 | <b>\$49,001 to 50,000</b> | <b>\$ 7.00</b>  |

38       **(3) Any resident taxpayer whose filing status is head of household or married filing**  
 39 **jointly and whose federal adjusted gross income is less than sixty thousand dollars may**  
 40 **claim a credit of one hundred fifty dollars for the taxpayer;**

41       **(4) Any resident taxpayer whose filing status is head of household or married filing**  
 42 **jointly and whose federal adjusted gross income is at least sixty thousand dollars but not**  
 43 **more than eighty thousand dollars may claim a credit for the taxpayer, the taxpayer's**  
 44 **spouse, and any other individual such taxpayer is authorized to claim as a dependent on**  
 45 **the taxpayer's income tax returns according to the following schedule:**

|    |                                      |                            |
|----|--------------------------------------|----------------------------|
| 46 |                                      |                            |
| 47 | <b>Federal adjusted gross income</b> | <b>Tax credit amount</b>   |
| 48 |                                      | <b>per eligible person</b> |
| 49 | <b>\$60,000 to 61,000</b>            | <b>\$143.00</b>            |
| 50 | <b>\$61,001 to 62,000</b>            | <b>\$136.00</b>            |
| 51 | <b>\$62,001 to 63,000</b>            | <b>\$127.00</b>            |
| 52 | <b>\$63,001 to 64,000</b>            | <b>\$121.00</b>            |
| 53 | <b>\$64,001 to 65,000</b>            | <b>\$114.00</b>            |
| 54 | <b>\$65,001 to 66,000</b>            | <b>\$107.00</b>            |
| 55 | <b>\$66,001 to 67,000</b>            | <b>\$100.00</b>            |
| 56 | <b>\$67,001 to 68,000</b>            | <b>\$ 93.00</b>            |
| 57 | <b>\$68,001 to 69,000</b>            | <b>\$ 86.00</b>            |
| 58 | <b>\$69,001 to 70,000</b>            | <b>\$ 79.00</b>            |

|    |                           |                 |
|----|---------------------------|-----------------|
| 59 | <b>\$70,001 to 71,000</b> | <b>\$ 71.00</b> |
| 60 | <b>\$71,001 to 72,000</b> | <b>\$ 64.00</b> |
| 61 | <b>\$72,001 to 73,000</b> | <b>\$ 57.00</b> |
| 62 | <b>\$73,001 to 74,000</b> | <b>\$ 50.00</b> |
| 63 | <b>\$74,001 to 75,000</b> | <b>\$ 43.00</b> |
| 64 | <b>\$75,001 to 76,000</b> | <b>\$ 36.00</b> |
| 65 | <b>\$76,001 to 77,000</b> | <b>\$ 29.00</b> |
| 66 | <b>\$77,001 to 78,000</b> | <b>\$ 21.00</b> |
| 67 | <b>\$78,001 to 79,000</b> | <b>\$ 14.00</b> |
| 68 | <b>\$79,001 to 80,000</b> | <b>\$ 7.00</b>  |

69       **3. If the amount allowable as a credit exceeds the income tax reduced by other**  
70 **credits, then the excess shall be considered an overpayment of the income tax, and shall be**  
71 **refundable.**

72       **4. The department of revenue may promulgate rules to implement the provisions**  
73 **of this section. Any rule or portion of a rule, as that term is defined in section 536.010,**  
74 **RSMo, that is created under the authority delegated in this section shall become effective**  
75 **only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and,**  
76 **if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are**  
77 **nonseverable and if any of the powers vested with the general assembly pursuant to**  
78 **chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule**  
79 **are subsequently held unconstitutional, then the grant of rulemaking authority and any**  
80 **rule proposed or adopted after August 28, 2009, shall be invalid and void.**

Section B. Section A of this act is hereby submitted to the qualified voters of this state  
2 for approval or rejection at an election which is hereby ordered and which shall be held and  
3 conducted on the Tuesday immediately following the first Monday in November, 2009, or at a  
4 special election to be called by the governor for that purpose, under the laws and constitutional  
5 provisions of this state applicable to general elections and the submission of referendum  
6 measures by initiative petition, and it shall become effective when approved by a majority of the  
7 votes cast thereon at such election and not otherwise.

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