

FIRST REGULAR SESSION

HOUSE BILL NO. 1016

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HUGHES.

1998L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 143.191, RSMo, and to enact in lieu thereof two new sections relating to income tax withholding.

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

Section A. Section 143.191, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 143.191 and 143.1100, to read as follows:

143.191. 1. Every employer maintaining an office or transacting any business within this state and making payment of any wages taxable under sections 143.011 to 143.998 to a resident or nonresident individual shall deduct and withhold from such wages for each payroll period the amount provided in subsection 3 of this section.

2. The term "wages" referred to in subsection 1 of this section means wages as defined by section 3401(a) of the Internal Revenue Code of 1986, as amended. The term "employer" means any person, firm, corporation, association, fiduciary of any kind, or other type of organization for whom an individual performs service as an employee, except that if the person or organization for whom the individual performs service does not have control of the payment of compensation for such service, the term "employer" means the person having control of the payment of the compensation. The term includes the United States, this state, other states, and all agencies, instrumentalities, and subdivisions of any of them.

3. The method of determining the amount to be withheld shall be prescribed by regulations of the director of revenue. The prescribed table, percentages, or other method shall result, so far as practicable, in withholding from the employee's wages during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee

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.

17 under sections 143.011 to 143.998 with respect to the amount of such wages included in his
18 Missouri adjusted gross income during the calendar year.

19 4. For purposes of this section an employee shall be entitled to the same number of
20 personal and dependency withholding exemptions as the number of exemptions to which he is
21 entitled for federal income tax withholding purposes. An employer may rely upon the number
22 of federal withholding exemptions claimed by the employee, except where the employee
23 provides the employer with a form claiming a different number of withholding exemptions in
24 this state. **An employee may, upon the employee's choice, direct either one hundred percent**
25 **or eighty percent of amounts withheld for the employee's dependency withholding**
26 **exemptions to be deposited in the middle class reinvestment fund as provided in section**
27 **143.1100.**

28 5. The director of revenue may enter into agreements with the tax departments of other
29 states (which require income tax to be withheld from the payment of wages) so as to govern the
30 amounts to be withheld from the wages of residents of such states under this section. Such
31 agreements may provide for recognition of anticipated tax credits in determining the amounts
32 to be withheld and, under regulations prescribed by the director of revenue, may relieve
33 employers in this state from withholding income tax on wages paid to nonresident employees.
34 The agreements authorized by this subsection are subject to the condition that the tax department
35 of such other states grant similar treatment to residents of this state.

36 6. The director of revenue shall enter into agreements with the Secretary of the Treasury
37 of the United States or with the appropriate secretaries of the respective branches of the armed
38 forces of the United States for the withholding, as required by subsections 1 and 2 of this section,
39 of income taxes due the state of Missouri on wages or other payments for service in the armed
40 services of the United States or on payments received as retirement or retainer pay of any
41 member or former member of the armed forces entitled to such pay.

42 7. Subject to appropriations for the purpose of implementing this section, the director
43 of revenue shall comply with provisions of the laws of the United States as amended and the
44 regulations promulgated thereto in order that all residents of this state receiving monthly
45 retirement income as a civil service annuitant from the federal government taxable by this state
46 may have withheld monthly from any such moneys, whether pension, annuities or otherwise, an
47 amount for payment of state income taxes as required by state law, but such withholding shall
48 not be less than twenty-five dollars per quarter.

143.1100. 1. This section shall be known and may be cited as the "Middle Class
2 **Reinvestment Act".**

3 **2. As used in this section, the term "taxpayer" means any individual employee**
4 **subject to the income tax imposed in this chapter whose total household income is at least**
5 **twenty thousand dollars but does not exceed one hundred thousand dollars.**

6 **3. For all tax years beginning on or after January 1, 2012, any taxpayer may, upon**
7 **the taxpayer's choice, direct either one hundred percent or eighty percent of the amounts**
8 **withheld for the taxpayer's dependency withholding exemptions to be deposited in the**
9 **middle class reinvestment fund as provided in this section.**

10 **4. There is hereby created in the state treasury the "Middle Class Reinvestment**
11 **Fund", which shall consist of withholding amounts directed for deposit under this section**
12 **and subsection 4 of section 143.191. The state treasurer shall be custodian of the fund. In**
13 **accordance with sections 30.170 and 30.180, the state treasurer may approve**
14 **disbursements. The fund shall be a dedicated fund and, upon appropriation, money in the**
15 **fund shall be used solely for the purposes of this section. Notwithstanding the provisions**
16 **of section 33.080 to the contrary, any moneys remaining in the fund at the end of the**
17 **biennium shall not revert to the credit of the general revenue fund. The state treasurer**
18 **shall invest moneys in the fund in the same manner as other funds are invested. Any**
19 **interest and moneys earned on such investments shall be credited to the fund.**

20 **5. Any taxpayer contributing to the middle class reinvestment fund may request**
21 **moneys for tuition costs of any of the taxpayer's special needs children be disbursed from**
22 **the fund to any private elementary or secondary school of the taxpayer's choice that**
23 **provides special needs education services. The amount disbursed on the taxpayer's behalf**
24 **shall be calculated based on the taxpayer's ability to pay as much of the tuition costs at the**
25 **private school as the taxpayer's financial situation allows, and moneys from the fund shall**
26 **be used to pay the remainder of the tuition costs that the taxpayer is unable to pay.**

27 **6. The governor shall create and appoint members to a board that shall oversee the**
28 **middle class reinvestment fund. The number and qualifications of such members shall be**
29 **determined by the governor. Members of the board shall be appointed with the advice and**
30 **consent of the senate, and shall include at least one person with experience as an**
31 **investment manager to assist the state treasurer with investing moneys in the fund. The**
32 **board shall promote participation in the fund, educate the public about the purposes of the**
33 **fund, and provide annual reports on the status of the fund to all participating taxpayers.**