

SECOND REGULAR SESSION

HOUSE BILL NO. 2472

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MITTEN.

5014H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 143.011, 143.022, and 143.151, RSMo, and to enact in lieu thereof three new sections relating to income taxes.

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

Section A. Sections 143.011, 143.022, and 143.151, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 143.011, 143.022, and 143.151, to read as follows:

143.011. 1. A tax is hereby imposed for every ~~taxable~~ tax 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 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.

11	Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
12	Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000
13	Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over \$7,000
14	Over \$8,000 but not over \$9,000	\$260 plus 5 1/2% of excess over \$8,000
15	Over \$9,000	\$315 plus 6% of excess over \$9,000

16 2. (1) ~~Beginning with~~ **For the 2017 and 2018** calendar ~~year~~ **years**, the top rate of tax
 17 under subsection 1 of this section may be reduced over a period of years. Each reduction in the
 18 top rate of tax shall be by one-tenth of a percent and no more than one reduction shall occur in
 19 a calendar year. The top rate of tax shall not be reduced below five and one-half percent.
 20 Reductions in the rate of tax shall take effect on January first of a calendar year and such reduced
 21 rates shall continue in effect until the next reduction occurs.

22 (2) A reduction in the rate of tax shall only occur if the amount of net general revenue
 23 collected in the previous fiscal year exceeds the highest amount of net general revenue collected
 24 in any of the three fiscal years prior to such fiscal year by at least one hundred fifty million
 25 dollars.

26 (3) Any modification of tax rates under this subsection shall only apply to tax years that
 27 begin on or after a modification takes effect.

28 (4) The director of the department of revenue shall, by rule, adjust the tax tables under
 29 subsection 1 of this section to effectuate the provisions of this subsection. The bracket for
 30 income subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced
 31 to five and one-half of a percent.

32 3. Beginning with the 2017 calendar year, the brackets of Missouri taxable income
 33 identified in subsection 1 of this section shall be adjusted annually by the percent increase in
 34 inflation. The director shall publish such brackets annually beginning on or after October 1,
 35 2016. Modifications to the brackets shall take effect on January first of each calendar year and
 36 shall apply to tax years beginning on or after the effective date of the new brackets.

37 4. As used in this section, the following terms mean:

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

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

42 (3) "Percent increase in inflation", the percentage, if any, by which the CPI for the
43 preceding calendar year exceeds the CPI for the year beginning September 1, 2014, and ending
44 August 31, 2015.

143.022. 1. As used in this section, "business income" means the income greater than
2 zero arising from transactions in the regular course of all of a taxpayer's trade or business and
3 shall be limited to the Missouri source net profit from the combination of the following:

4 (1) The total combined profit as properly reported to the Internal Revenue Service on
5 each Schedule C, or its successor form, filed; and

6 (2) The total partnership and S corporation income or loss properly reported to the
7 Internal Revenue Service on Part II of Schedule E, or its successor form.

8 2. **For the 2017 and 2018 tax years**, in addition to all other modifications allowed by
9 law, there shall be subtracted from the federal adjusted gross income of an individual taxpayer
10 a percentage of such individual's business income, to the extent that such amounts are included
11 in federal adjusted gross income when determining such individual's Missouri adjusted gross
12 income.

13 3. In the case of an S corporation described in section 143.471 or a partnership
14 computing the deduction allowed under subsection 2 of this section, taxpayers described in
15 subdivision (1) or (2) of this subsection shall be allowed such deduction apportioned in
16 proportion to their share of ownership of the business as reported on the taxpayer's Schedule K-1,
17 or its successor form, for the tax period for which such deduction is being claimed when
18 determining the Missouri adjusted gross income of:

19 (1) The shareholders of an S corporation as described in section 143.471;

20 (2) The partners in a partnership.

21 4. The percentage to be subtracted under subsection 2 of this section shall be increased
22 over a period of years. Each increase in the percentage shall be by five percent and no more than
23 one increase shall occur in a calendar year. The maximum percentage that may be subtracted is
24 twenty-five percent of business income. Any increase in the percentage that may be subtracted
25 shall take effect on January first of a calendar year and such percentage shall continue in effect
26 until the next percentage increase occurs. An increase shall only apply to tax years that begin
27 on or after the increase takes effect.

28 5. An increase in the percentage that may be subtracted under subsection 2 of this section
29 shall only occur if the amount of net general revenue collected in the previous fiscal year exceeds
30 the highest amount of net general revenue collected in any of the three fiscal years prior to such
31 fiscal year by at least one hundred fifty million dollars.

32 6. The first year that a taxpayer may make the subtraction under subsection 2 of this
33 section is 2017, provided that the provisions of subsection 5 of this section are met. If the

34 provisions of subsection 5 of this section are met, the percentage that may be subtracted in 2017
35 is five percent. **The last year that a taxpayer may make the subtraction under subsection**
36 **2 of this section is 2018.**

143.151. For all [~~taxable~~] **tax** years beginning before January 1, 1999, a resident shall
2 be allowed a deduction of one thousand two hundred dollars for himself or herself and one
3 thousand two hundred dollars for his or her spouse if he or she is entitled to a deduction for such
4 personal exemptions for federal income tax purposes. For all [~~taxable~~] **tax** years beginning on
5 or after January 1, 1999, a resident shall be allowed a deduction of two thousand one hundred
6 dollars for himself or herself and two thousand one hundred dollars for his or her spouse if he
7 or she is entitled to a deduction for such personal exemptions for federal income tax purposes.
8 For all tax years beginning on or after January 1, 2017, **but ending on or before December 31,**
9 **2018**, a resident with a Missouri adjusted gross income of less than twenty thousand dollars shall
10 be allowed an additional deduction of five hundred dollars for himself or herself and an
11 additional five hundred dollars for his or her spouse if he or she is entitled to a deduction for
12 such personal exemptions for federal income tax purposes and his or her spouse's Missouri
13 adjusted gross income is less than twenty thousand dollars.

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