

# HOUSE BILL NO. 1736

## 99TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE MERIDETH (80).

5422H.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

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

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*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. This section shall be known and may be cited as the "Missouri Earned Income Tax Credit Act".**

**2. For purposes of this section, the following terms mean:**

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

**(2) "Eligible taxpayer", a resident individual with a filing status of single, head of household, qualified widow or widower, or married filing combined who is subject to the tax imposed under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265, and who is allowed a federal earned income tax credit under Section 32 of the Internal Revenue Code of 1986, as amended;**

**(3) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265.**

**3. An eligible taxpayer shall be allowed a tax credit in an amount proportional to the amount such taxpayer would receive under the federal earned income tax credit as follows:**

**(1) For the 2019 tax year, five percent of such federal tax credit;**

**(2) For the 2020 tax year, ten percent of such federal tax credit;**

**(3) For the 2021 tax year, fifteen percent of such federal tax credit; and**

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.

18           **(4) For tax years beginning on and after January 1, 2022, twenty percent of such**  
19 **federal tax credit.**

20           **4. The tax credit allowed by this section shall be claimed by such taxpayer at the**  
21 **time such taxpayer files a return and shall be applied against the income tax liability**  
22 **imposed by chapter 143 after reduction for all other credits allowed thereon. If the amount**  
23 **of the credit exceeds the tax liability, the difference shall be refunded to the taxpayer.**

24           **5. Notwithstanding the provision of subsection 4 of section 32.057 to the contrary,**  
25 **the department shall determine whether any taxpayer filing a report or return with the**  
26 **department who did not apply for the credit authorized under this section may qualify for**  
27 **the credit and, if so determines a taxpayer may qualify for the credit, shall notify such**  
28 **taxpayer of his or her potential eligibility. In making a determination of eligibility under**  
29 **this section, the department shall use any appropriate and available data including, but not**  
30 **limited to, data available from the Internal Revenue Service, the U.S. Department of**  
31 **Treasury, and state income tax returns from previous tax years.**

32           **6. The department shall prepare an annual report containing statistical information**  
33 **regarding the tax credits issued under this section for the previous tax year, including the**  
34 **total amount of revenue expended on the earned income tax credit, the number of credits**  
35 **claimed, and the average value of the credits issued to taxpayers whose earned income falls**  
36 **within various income ranges determined by the department.**

37           **7. The department shall contract with one or more nonprofit groups to provide**  
38 **notice of the earned income tax credit to eligible taxpayers. The department shall require**  
39 **evidence of the effectiveness of the nonprofit group, the connection with the community in**  
40 **which the group operates, and the ability to contact taxpayers that are unlikely to claim**  
41 **the federal earned income tax credit including, but not limited to, non-English speakers,**  
42 **the elderly, tenants, and very low-income taxpayers who do not file tax returns annually.**  
43 **The department shall give preference to nonprofit groups with members in low- and**  
44 **moderate-income areas, to nonprofit groups with at least fifty-one percent of its board of**  
45 **directors having low to moderate incomes and residing in target communities, and to**  
46 **nonprofit groups that have a record of effective door-to-door outreach for similar**  
47 **community projects.**

48           **8. The director of the department shall promulgate rules and regulations to**  
49 **administer the provisions of this section. Any rule or portion of a rule, as that term is**  
50 **defined in section 536.010, that is created under the authority delegated in this section shall**  
51 **become effective only if it complies with and is subject to all of the provisions of chapter**  
52 **536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable, and**  
53 **if any of the powers vested with the general assembly pursuant to chapter 536 to review,**

54 **to delay the effective date, or to disapprove and annul a rule are subsequently held**  
55 **unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted**  
56 **after August 28, 2018, shall be invalid and void.**

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