COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5974S.01I
Bill No.: SB 3
Subject: Taxation and Revenue - Income
Type: Original
Date: September 18, 2022

Bill Summary: This proposal modifies provisions relating to income taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2031)
General Revenue*	($2,251,160,543)**	$0	$0	($319,577,473)
Total Estimated Net Effect on General Revenue	**Could exceed ($2,251,160,543)**	**$0**	**$0**	**($319,577,473)**

*Oversight notes, currently, the state individual income tax rate (5.3% in CY 2022) is to be reduced in 0.10% annual increments (if certain triggers are met) until it reaches 4.8% (in CY 2027 at the earliest). This proposal allows three additional 0.1% GR-growth-dependent reductions until it reaches 4.5%. For fiscal note purposes, Oversight assumes these new reductions may be eligible to begin occurring starting with CY 2028. The earliest all three of the new tax rate reductions could be implemented is CY 2030.
** Oversight notes the impact for FY2023 reflects amount of refunds claimed for the income tax rebate and estimated administrative costs for DOR to distribute them under Section 143.803.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2031)
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**	**$0**

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2031)
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2031)
Total Estimated Net Effect on FTE	**$0**	**$0**	**$0**	**$0**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
Local Government	**$0**	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Oversight notes that this proposal contains an emergency clause (Section C) that would make this proposal effective upon signing by the Governor for the designated statutory sections. For the simplicity of the fiscal note, Oversight will assume these provisions would go into effect on October 1, 2022 unless noted differently.

Oversight notes that this proposal contains a Section B with an effective date for section (143.011). That section would go into effect on January 1, 2023.

Section 143.011 - Individual Income Tax Rate

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would create three additional 0.1% reductions to the top rate of income tax to begin after all existing rate reductions under current law have occurred, dependent on net general revenue growth. The additional reductions shall only occur when net general revenue in a fiscal year has grown by at least $250 million over the highest of the previous three fiscal years.

B&P notes that the net general revenue growth requirement is to be adjusted annually for inflation after the first trigger has been met. For example: if the first trigger is met for tax year 2028, then the $250 million would be adjusted before determining whether the trigger was again met for tax year 2029 or later. B&P further notes that per Paragraph 144.011.5(1)(b) the trigger is to be adjusted by the "percent increase in inflation", which is defined under Subdivision 143.011.7(4).

B&P further notes that under current law the top tax rate will be 5.2% starting with tax year 2023. B&P notes that per SB 153 (2021) there will be a 0.1% reduction in the top rate for tax year 2024. Based on current revenue forecasts and average revenue growth, B&P estimates that revenues in FY24, FY25, and FY26 will reach the growth trigger requirement for reductions to the top rate of tax. Therefore, the top rate of tax is estimated to be reduced by 0.1% in tax years 2025, 2026, 2027 under SB 509 (2014) and SB 153 (2021). Table 1 shows the current versus proposed top rate of tax.

Table 1: Current versus Proposed Top Tax Rate

Tax Year	Current Law	Proposed
2023	5.20%	5.20%
2024	5.10%	5.10%
2025	5.00%	5.00%
2026	4.90%	4.90%
2027	4.80%	4.80%
2028	4.80%	4.70%
2029	4.80%	4.60%
2030	4.80%	4.50%

Using tax year 2019 data, the most recent complete tax year available, and accounting for the changes in individual income tax law created by SB 509 (2014) and SB 153 (2021), B&P estimates that this proposal may reduce tax collections by $107.7M as early as tax year 2028. Once this proposal fully implements, B&P estimates this provision could reduce tax collections by $320.5M annually, compared to revenues under SB 509 (2014) and SB 153 (2021) with a top rate 4.8%. Table 2 shows the estimated revenue impact by tax year.

Table 2: Estimated Impact by Tax Year

Tax Year	GR Impact
2028	($107,674,784)
2029	($214,513,138)
2030	($320,508,279)

However, because this proposal would take effect January 1, 2023 individuals will adjust their withholdings and declarations during FY23. Based on actual collections data, B&P estimates that 42% of individual income taxes are paid during fiscal year 1 and 58% are paid during fiscal year 2. Therefore, B&P estimates that this provision could reduce TSR and GR by $45.2M as early as FY28. Once fully implemented, and annually thereafter, this proposal may reduce TSR and GR by $320.5M, compared to revenues under SB 509 (2014) and SB 153 (2021) with a top rate 4.8%. Table 3 shows the estimated impact by fiscal year.

Table 3: Estimated Impact by Fiscal Year

Fiscal Year	GR Impact
2028	($45,223,409)
2029	($152,546,893)
2030	($259,031,097)
2031	($320,508,279)

Officials from the **Department of Revenue (DOR)** note in 2013, Missouri's individual income tax rate was 6% per the tax tables printed in statutes. In 2014, SB 509 then allowed for five reductions of the individual income tax rate based on certain revenue triggers (Section 143.011.2). The Department notes that currently three of those reductions have occurred (TY 2018, TY 2019 and TY 2022) and the fourth is forecasted to happen in tax year 2023, which will set the rate at 5.2%.

Additionally, in 2019 HB 2540 was added to statues that caused the individual income tax rate to be decreased by four-tenths of one percent (Section 143.011.3). Then during the 101st General Assembly regular session SB 153 & 97 was passed that would allow starting in tax year 2024 another two reductions of SB 509 (Section 143.011.4). Therefore, as of the filing of the fiscal note, the individual income tax rate for tax year 2022 is 5.3% and the tax rate scheduled for tax year 2023 is 5.2%.

This proposal in Section 143.011.5 adds language that would allow the individual income tax rate to decrease below the scheduled 4.8%. This proposal allows an additional three 0.1% reductions allowing the tax rate to drop to 4.5%. This proposal does restrict the additional three reductions to no more than one per year.

These future reductions are only allowed to occur if the amount of net general revenue collected in the previous fiscal year exceeds the highest amount of net general revenue collected in any of the three fiscal years prior to such fiscal year by at least two hundred fifty million dollars.

Additionally, this proposal requires the $250 million trigger to be adjusted annually for inflation starting in the first year these three reductions are made. It is unclear from the language in the proposal as to when the calculation of the trigger and implementation of the cut would occur.

For fiscal note purposes only, DOR assumes that the reductions are eligible to occur starting with tax year 2028 (the first year after the current reductions). Additionally, the current process of calculating the SB 509 trigger is done in the fall and implemented the following tax year starting January 1st. For fiscal note purposes, DOR will assume that same process is followed.

Using the Department's internal Income Tax Model that contains confidential taxpayer data, DOR was able to estimate the following impact of these new changes for tax year 2023.

Tax Year	Amount
2028	($107,359,072)
2029	($213,886,756)
2030	($319,577,474)

The Department uses a 42%/58% split to convert the tax year numbers to fiscal year numbers.

Fiscal Year	Loss to GR
2028	($45,090,810)
2029	($152,100,699)
2030	($258,276,857)
2031	($319,577,474)

The Department notes this provision will require changes to the taxpayer program, forms and website. DOR estimates it will cost $10,000 for these changes. No additional FTE would be needed to implement these tax changes.

Oversight notes that DOR assumes this proposal will require programming changes estimated to cost $10,000. **Oversight** assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Oversight notes both DOR and B&P's estimates includes data from DOR and B&P's internal Income Tax Model. Additionally, **Oversight** notes both DOR and B&P's estimates of revenue impact assume all scheduled rate reductions created by SB 509 (2014) and SB 153 (2021) will occur.

Oversight notes that it does not currently have the resources and/or access to state tax data to produce a thorough independent revenue estimate and is unable to verify the revenue estimates provided by B&P and DOR. Therefore, for the purpose of this fiscal note, Oversight will note B&P's estimated impact for this proposal.

Section 143.803 - One-Time Income Tax Rebate

Officials from the **Office of Administration - Budget and Planning (B&P)** state this provision would grant a $325 refundable tax credit for taxpayers filing single, married filing separately, or head of household and $650 for married filing joint. Individual with a filing status of single, married filing separately, or head of household must have a Missouri adjusted gross income (MAGI) of less than $150,000; while married filing combined taxpayers must have a MAGI of less than $300,000 in order to qualify for the refundable credit. Per this proposal, DOR shall automatically apply the tax credit to a taxpayer's tax liability and refund any excess amount.

The tax credit shall only be available for tax year 2021 and all refunds must be sent to taxpayers no later than December 1, 2022.

B&P notes for tax year 2019, the most recent complete year available, 1,554,016 single, 380,109 head of household, 2,444,685 married filing combined, and 72,379 Property Tax Credit (no corresponding income tax return) taxpayers filed returns with Missouri taxable income.

PTC Information

B&P notes that it does not have enough information to determine how many PTC returns were for single or married individuals. However, based on PTC return data, approximately 2.1% of all PTC claims are by surviving spouses. B&P assumes that surviving spouses would be treated as qualifying widow(er) for filing status. Therefore, such individuals would not qualify for this tax credit. Based on the 72,379 PTC claims, B&P estimates that around 1,520 (72,379 x 2.1%) would not qualify for this tax credit based on filing status.

Based on the 2019 income tax filing data, B&P determined that 38.7% of all qualifying individual income tax returns are for married filing combined, while 61.3% of returns were filed by single and head of household individuals. For the purpose of this fiscal note, B&P will assume that PTC claims follow a similar percentage breakdown between single and married. Therefore, B&P estimates that of the 70,859 (72,379 – 1,520) qualifying PTC returns, approximately 43,419 were filed by single individuals, qualifying for the $325 credit; while 27,440 were filed by married individuals, qualifying for the $650 credit. Table 4 shows the estimated tax credit impact for individuals filing the PTC only claim.

Table 4: PTC Claims

	Returns		
PTC Claim Only	72,379		
Qualifying Widow(er)	2.10%		
# Don't Qualify	1,520		
	Returns		
Remaining # PTC	70,859		
Est. % Single	61.3%		
Est. % Married	38.7%		
Est. % Qualifying Widow(er)	2.1%		
	Returns	Credit	Total Credits
Est. # Single	43,419	$325	$14,111,132
Est. # Married	27,440	$650	$17,836,113
Est. # Qualifying Widow(er)	1,520	$0	$0
Total Credit			$31,947,245

Low Estimate

Based on the above data, B&P estimates that at least 4,449,669 individuals would qualify for this tax credit. B&P does not have enough information to estimate accurately how many non-residents may also apply for this tax credit. Table 5 shows the estimated impact.

Table 5: Estimated Low Impact from Tax Year 2021 Rebate

Filing Status	Max MAGI	# People	Tax Credit	Total Impact
Single	$150,000	1,554,016	$325	$505,055,200
MFJ*	$300,000	2,444,685	$650	$1,589,045,250
HOH	$150,000	380,109	$325	$123,535,425
MO PTC (only)**	$150,000	70,859	$325/$650	$31,947,245
		4,449,669		$2,249,583,120

*Each taxpayer MAGI limited to $300,000 and each taxpayer receives $650 credit.
**See Table 4 for filing status estimates.

<u>High Estimate</u>
However, as noted above, this proposal is not limited to individuals with a Missouri tax liability. Therefore, it is possible that all Missouri adults over age 18 could file a return in order to qualify for this refundable credit. Using population estimates published by the U.S. Census and income tax filing data, B&P estimates that an additional 230,316 Missouri residents could also apply for the credit. B&P does not have enough information to determine whether such individuals would file as single or married. For the purpose of this fiscal note, B&P will assume that such individuals file as single.

Therefore, B&P estimate that at least 4,679,985 Missouri residents over the age of 18 may qualify for this credit. B&P does not have enough information to estimate accurately how many non-residents may also apply for this tax credit. Table 6 shows the estimated impact.

Table 6: Estimated High Impact from Tax Year 2021 Rebate

Filing Status	Max MAGI	# People	Tax Credit	Total Impact
Single	$150,000	1,554,016	$325	$505,055,200
MFJ*	$300,000	2,444,685	$650	$1,589,045,250
HOH	$150,000	380,109	$325	$123,535,425
MO PTC (only)**	$150,000	70,859	$325/$650	$31,947,245
Est. No Tax Return on File	$150,000	230,316	$325	$74,852,700
		4,679,985		$2,324,435,820

*Each taxpayer MAGI limited to $300,000 and each taxpayer receives $650 credit.
**See Table 4 for filing status estimates.

Summary
Therefore, B&P estimates that this provision could reduce TSR and GR by an amount that could exceed $2,249,583,120 to $2,324,435,820 in FY23.

Officials from the **Department of Revenue (DOR)** note this section gives an automatic refundable tax credit of $325 for a taxpayer with a filing status of single, married filing separately, or head of household with an adjusted gross income of less than $150,000 for their tax year 2021 return. Additionally, this grants an automatic refundable tax credit for a taxpayer with a filing status of married filing combined with an adjusted gross income of $300,000. They receive a $650 credit. The proposal requires the Department to issue these refund to the taxpayers by December 1, 2022 without any requirements that a taxpayer have to amend their tax return to receive the credit. This is to be a one-time credit.

The Department is not able to determine a final fiscal impact due to the following:

CREDIT

Qualified Widower Not Allowed Credit
This proposal in identifying specific filing categories eligible for the credit have excluded qualified widow(er)s from receiving the credit.

Married Filing Combined Credit
The proposal states that "a taxpayer with a filing status of married filing jointly, and with a Missouri adjusted gross income of less than three hundred thousand dollars, six hundred fifty dollars." The term "a taxpayer" instead of "taxpayers with a combined Missouri adjusted gross income" assumes that each person listed on the combined return would receive the credit. On a combined return, each spouse has their own Missouri taxable income and Missouri adjusted gross income (Section 143.031.2, RSMo) and their income tax liability is separate (Section

143.491.1, RSMo). This means each taxpayer in the couple would get a check for $650 so long as that particular taxpayer's reported Missouri adjusted gross income was less than $300,000.

Property Tax Credit Filers
DOR notes that it does not have enough time to pull the PTC returns to determine how many PTC returns were for single or married individuals. However, based on PTC return data, approximately 2.1% of all PTC claims are by surviving spouses. The Department assumes that surviving spouses would be treated as qualifying widow(er) for filing status. Therefore, such individuals would not qualify for this tax credit. The Department estimates that based upon the 72,379 PTC claims, hat around 1,520 (72,379 x 2.1%) would not qualify for this tax credit based on filing status.

Based on the 2019 income tax filing data, DOR estimates that 38.7% of all qualifying individual income tax returns are for married filing combined, while 61.3% of returns were filed by single and head of household individuals. DOR will assume a similar percentage for this fiscal note. Therefore, of the 70,859 (72,379 – 1,520) qualifying PTC returns, approximately 43,419 were filed by single individuals, qualifying for the $325 credit; while 27,440 were filed by married individuals, qualifying for the $650 credit. Table 4 shows the estimated tax credit impact for individuals filing the PTC only claim.

PTC Claims

	Returns		
PTC Claim Only	72,379		
Qualifying Widow(er)	2.10%		
# Don't Qualify	1,520		
	Returns		
Remaining # PTC	70,859		
Est. % Single	61.3%		
Est. % Married	38.7%		
Est. % Qualifying Widow(er)	2.1%		
	Returns	Credit	Total Credits
Est. # Single	43,419	$325	$14,111,132
Est. # Married	27,440	$650	$17,836,113
Est. # Qualifying Widow(er)	1,520	$0	$0
Total Credit			$31,947,245

Total Current Filers
Based on the 2019 individual income tax returns, the Department notes the following number of people would qualify for the listed amount of the credit.

Filing Status	Max MAGI	# of Filers	Tax Credit Amount	Total Impact
Single	$150,000	1,554,016	$325	$505,055,200
HOH	$150,000	380,109	$325	$123,535,425
MFJ*	$300,000	2,444,685	$650	$1,589,045,250
MO PTC(only)	$150,000	72,379	$325	$23,523,175
Total		**4,449,669**		**$2,249,583,120**

Missouri Residents without Taxable Income
This proposal is not limited to individuals with a Missouri tax liability. Therefore, it is possible that all Missouri adults over age 18 could file a return in order to qualify for this refundable credit. Using population estimates published by the U.S. Census and income tax filing data, an additional 230,316 Missouri residents may also apply for the credit. DOR does not have enough information to determine whether such individuals would file as single or married. For the simplicity of the fiscal note, DOR will assume they all file as single.

There are at least 4,679,985 Missouri residents over the age of 18 in Missouri.

Filing Status	Max MAGI	# People	Tax Credit	Total Impact
Single	$150,000	1,554,016	$325	$505,055,200
MFJ*	$300,000	2,444,685	$650	$1,589,045,250
HOH	$150,000	380,109	$325	$123,535,425
MO PTC (only)	$150,000	70,859	$325/$650	$31,947,245
Est. No Tax Return on File	$150,000	230,316	$325	$74,852,700
		4,679,985		$2,324,435,820

*Each taxpayer MAGI limited to $300,000 and each taxpayer receives $650 credit.

Missouri Residents, U.S Citizens and Resident Aliens
This proposal does not specify that the taxpayer have any Missouri income or other relationship with Missouri. Therefore, this refundable tax credit would apply to all U.S. citizens and resident aliens who have a Missouri adjusted gross income below the identified threshold (which includes $0 Missouri adjusted gross income).

This proposal does not limit this credit to taxpayers with a Missouri tax liability nor does it require the taxpayer to be a Missouri resident. Therefore, non-residents with little or no Missouri taxable income could be eligible to claim this refundable credit. The Self-Employed Health Insurance tax credit was similarly designed. It does not restrict the credit to Missouri residents or require Missouri taxable income and each year over 800 non-residents claim the credit for over $950,000 loss to general revenue. Given that many non-residents claim that limited tax credit, DOR estimates that this $325 credit could result in significantly more than $1 million paid out to non-residents.

<u>Not an Individual Income Tax</u>
This proposal allows the credit to a taxpayer; however, taxpayer is not defined. This credit does not expressly state this is limited to individual income tax, so individuals with fiduciary or withholding tax liability under Chapter 143 might have this credit used against their fiduciary or withholding tax liability.

The Department is unable to estimate the number of non-Missouri residents that will claim this credit. DOR will show the impact of this proposal as exceeding the provided estimates.

ADMINISTRATION

This proposal has an emergency clause that would make this proposal effective upon the Governor's signature. This proposal also requires that the refund checks be distributed to taxpayer's no later than December 1, 2022. Due to the listed concerns below, the Department will be challenged in meeting this deadline:

<u>Mailing</u>
Each year the Department processes approximately 3,200,000 individual income tax returns. Over the last several years the Department has averaged 1,375,000 taxpayers that receive a refund and have it direct deposited (43%). Another 450,000 are entitled to a refund and have an actual check mailed to them (14%). With the remaining 1,375,000 owing the state money (43%). While it would be the intention of the Department to send as many of the credits out to taxpayers via direct deposit, DOR would still expect that at least 57% of the checks would be mailed.

Therefore if the 4,449,669 current Missouri filers that are identified above as getting the credit, DOR would expect this distribution rate:

How Distributed	% of filer	Amount
Direct Deposit of Credit	43%	1,913,358
Mailed Credit	57%	2,536,311

Therefore, the Department would need at minimum, envelopes, paper for checks, and postage for each of these 2,536,311 credits. The Department does not purchase the paper for the checks that is handled by the Office of Administration, so those costs are not included in this fiscal note response.

The current rate for the envelopes and postage is $0.59 per piece. This would result in a cost for the envelopes and postage of $1,496,423 ($0.59 * 2,536,311). However, the Department is experiencing difficulties in locating a vendor with envelopes in stock due to supply chain issues.

DOR has been searching for vendors to prepare for the regular tax season and do not have these supplies in stock. The Department has been told it could take more than eight weeks to receive enough supply.

The Department notes it takes two people to run the mail machine. They can do about 5,000 pieces of mail an hour. Given the number of credits to be mailed (2.5M), it would take over 500 hours to get them all out. To meet the deadline of December 1, 2022 the Department would be required to run the mail machine more than its normal 40 hours a week, resulting in the need to bring on temporary staff. The Department estimates that each temporary staff person would cost $12,750. At a minimum, it would require 4 additional temporary staff at a cost of $51,000.

In order to issue the checks the Department would be required to program the Individual Income Tax System to automatically apply the credit to each taxpayer's account if they meet the Missouri adjusted gross income limits. The programming costs for the Individual Income Tax System are estimated at $10,000. Should this be determined that it would need to be added into the financial institutions, and withholding databases, these would require additional programming changes expected at another $10,000.

<u>Appropriation</u>

Annually the Department is given an appropriation to cover the amount of refunds DOR sends to taxpayers. DOR's current appropriation authority for FY 2023 is $1.5B. As noted in this proposal, DOR does not have enough appropriation authority to pay the administrative costs of this proposal ($1,567,423) and for the credits themselves ($2,235,722,450) in addition to meeting DOR's normal yearly refund obligation ($1,500,000,000). Without additional appropriations, DOR will not be able to distribute all the refund checks by the required deadline of December 1, 2022.

The Department estimates the impact of this proposal will exceed the $2,251,160,543 to $2,336,013,243 for credit and administration costs in FY23.

Oversight notes the **Department of Revenue** is not able to determine a final fiscal impact due to the factors explained above. Therefore, for the purpose of this fiscal note, Oversight will note the fiscal impact for the tax rebate allowed in section 143.803 could exceed the figures estimated by DOR.

FISCAL IMPACT – State Government	FY 2023 (9 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2031)
GENERAL REVENUE FUND				
Revenue Reduction - §143.011, Individual Income Tax Rate p. 3-6	$0	$0	$0	($319,577,474)
Revenue Reduction - §143.803, Individual Income Tax Rebate p. 6-13	Could exceed ($2,249,583,120)	$0	$0	$0
Costs - §143.803 - DOR				
Personal Service	$0	$0	$0	$0
Fringe Benefits	$0	$0	$0	$0
Exp. & Equip.	Could exceed ($1,577,423)	$0	$0	$0
Total Costs -	Could exceed ($1,577,423)	$0	$0	$0
FTE Change	0 FTE	0 FTE	0 FTE	0 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	**Could exceed ($2,251,160,543)**	**$0**	**$0**	**($319,577,474)**

FISCAL IMPACT – Local Government	FY 2023 (9 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2031)
	$0	**$0**	**$0**	**$0**

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Current law provides for reductions to the top rate of income tax to an eventual rate of 4.8% over a period of years, contingent on meeting certain net general revenue collection triggers. This act adds three additional potential reductions in the top rate of tax to an eventual rate of 4.5%. Such additional reductions shall only be effective if the amount of net general revenue collected in the previous fiscal year exceeds the highest amount of net general revenue collected in any of the three fiscal years prior to such fiscal year by at least $250 million. Beginning in the first calendar year in which a reduction is made pursuant to this act, the amount of net general revenue collected required to reduce the top rate of tax shall be adjusted annually by the percent increase in inflation. (Section 143.011)

This act also authorizes a one-time tax credit for the 2021 tax year. Such tax credit shall be $325 for taxpayers filing single, married filing separately, or head of household, and with a Missouri adjusted gross income of less than $150,000. The tax credit shall be $650 for taxpayers filing married filing jointly and with a Missouri adjusted gross income of less than $300,000.

The tax credit shall be considered a refund of an overpayment of tax, and the Department of Revenue shall automatically apply such tax credit to a taxpayer's tax liability and remit a refund to a taxpayer no later than December 1, 2022.

This provision shall expire on December 31, 2023. (Section 143.803)

This act contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning

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September 18, 2022

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September 18, 2022