

HB 1661 -- NONRESIDENT TAXABLE INCOME CALCULATIONS

SPONSOR: LeVota

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Tax Reform by a vote of 9 to 0.

This bill exempts property taxes paid by certain nonresident taxpayers from being added-back to their adjusted gross income if the other state does not require a similar add-back of Missouri's property taxes.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$5,800,000 to \$7,300,000 in FY 2009, FY 2010, and FY 2011. No impact on Other State Funds in FY 2009, FY 2010, and FY 2011.

PROPOSERS: Supporters say that it is important to exempt the property tax add-back for nonresidents when another state does not require the same add-back of Missouri's property taxes. The State of Kansas has similar legislation ready for floor action which will increase taxes for Missouri residents who work in Kansas. This bill will save Kansas City area residents an estimated \$5 million. Missourians may decide to move to Kansas without this bill. Kansas City competes with other large cities and would like to have economic growth. Kansas City needs to act as one town even when in two states. The amendment last year creates an unnecessary barrier to these efforts that would be alleviated by the bill. This is about equalization across state lines. Taxation based on state residency is not good tax policy. Passage of the bill will re-establish a fair and equitable tax structure with all surrounding states.

Testifying for the bill were Representative LeVota; Greater Kansas City Chamber of Commerce; and Americans for Prosperity and Foundation.

OPPOSERS: There was no opposition voiced to the committee.