

HCS HB 2252 -- INCOME TAX ADJUSTMENT FOR INFLATION

SPONSOR: Curtman

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Ways and Means by a vote of 11 to 1. Voted "Do Pass with HCS" by the Select Committee on Financial Institutions and Taxation by a vote of 6 to 3.

Beginning January 1, 2018, this bill requires the Department of Revenue to adjust Missouri taxable income amounts used to determine income tax brackets by the same amount of percentage increases in inflation for all years between 1931 and 2015.

This bill is the same as HB 1043 (2015).

PROPOSERS: Supporters say that the bill makes an adjustment for 80 years worth of change. Every year starting with 2017, one year will be adjusted an average of 1.5% per year. This is a good slow way to adjust the tax brackets. The inflation adjustment to the tax bracket is fair to taxpayers, particularly the 94% of business taxpayers that pay their business taxes on their individual income tax returns.

Testifying for the bill were Representative Curtman and the Missouri Budget Project.

OPPOSERS: Those who oppose the bill say that while it is time to address the outdated income tax brackets, the bill will significantly reduce the state's capacity to invest in public education, health, and other essential services. They prefer a solution that can be fully implemented more quickly and that addresses unfairness and inadequacy in Missouri's tax system.

Testifying against the bill was Empower Missouri.