

HB 274 -- TAX CREDIT REFORM

SPONSOR: Hinson

This bill eliminates tax credits by creating an ending date to authorize and issue the credits. The last date to authorize economic development credits is August 28, 2015, and these credits must be issued by June 30, 2016. All other credits cannot be authorized or issued after December 31, 2016. Any credit issued before the ending date may be carried forward as provided by that credit, but not more than 10 years. The amount of tax credits redeemed each year will be limited based on the Office of Administration's redeemable tax credit budget as approved by a constitutional majority of both chambers of the General Assembly in conjunction with the annual state budget. By October 1, each department with credits issued, but not redeemed, will submit to the Budget Director the estimated amount of credits eligible for redemption for the following fiscal year. The credits that could have a carryover and need reviewed include: development tax credits, neighborhood assistance tax credits, new generation cooperative tax credits, and affordable housing tax credits issued under Section 32.115, RSMo; infrastructure tax credits issued under Section 100.286; bond guarantee tax credits issued under Section 100.297; business use incentives for large-scale development programs issued under Section 100.850; business facility tax credits issued under Section 135.110; low-income housing tax credits issued under Section 135.352; neighborhood preservation tax credits issued under Section 135.481; disabled access tax credits issued under Section 135.490; certified capital company tax credits and community development corporations tax credits issued under Section 135.503; rebuilding communities tax credits issued under Section 135.535; qualified beef tax credits issued under Section 135.679; wine and grape production tax credits issued under Section 135.700; enhanced enterprise zone tax credits issued under Sections 135.967 and 135.968; self-employed health insurance tax credits issued under Section 143.119; bank tax credits for S corporations issued under Section 143.471; bank franchise tax credits issued under Section 148.064; exam fee tax credits issued under Section 148.400; corporate franchise income tax credits issued under Section 148.620; family development account tax credits issued under Section 208.770; historic preservation tax credits issued under Section 253.550; agricultural product utilization contributor tax credits and new generation cooperative incentive tax credits issued under Section 348.434; family farm breeding livestock loan tax credits issued under Section 348.505; property and casualty guaranty tax credits issued under Section 375.774; life and health insurance guaranty tax credits issued under Section 376.745; health insurance pool tax credits issued under Section 376.975; brownfield redevelopment program tax credits issued under Section 447.708;

small business incubator tax credits issued under Section 620.495; Missouri works community college new jobs training and job retention training credits issued under Sections 620.800 to 620.809; Missouri works program credits issued under Sections 620.2000 to 620.2020; and the shared care tax credits issued under Section 660.055.

Beginning January 1, 2015, the bill converts all domestic and social tax credits into deductions. The amount of the tax deduction will be equal to the tax credit amount that would have been allowed under the tax credit requirements. The domestic and social tax credits include: youth opportunities tax credit issued under Section 135.460 and Sections 620.1100 to 620.1103; shelter for victims of domestic violence issued under Section 135.550; senior citizen or disabled person property tax credit issued under Sections 135.010 to 135.035; special needs adoption tax credit issued under Sections 135.325 to 135.339; champion for children tax credit issued under Section 135.341; maternity home tax credit issued under Section 135.600; surviving spouse tax credit issued under Section 135.090; residential treatment agency tax credit issued under Section 135.1150; pregnancy resource center tax credit issued under Section 135.630; food pantry tax credit issued under Section 135.647; health care access fund tax credit issued under Section 135.575; residential dwelling access tax credit issued under Section 135.562; developmental disability care provider tax credit issued under Section 135.1180; and shared care tax credit issued under Section 660.055.

Beginning January 1, 2015, the bill reduces the top tax rate of the Missouri individual income tax from 6% to 5.85% for tax years 2015 to 2017 and to 5.45% for all tax years thereafter.