

HCS HBs 816 & 660 -- TAXATION

SPONSOR: Deaton

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Tax Reform by a vote of 10 to 3. Voted "Do Pass" by the Standing Committee on Rules-Legislative Oversight by a vote of 7 to 2.

The following is a summary of the House Committee Substitute for HB 816.

Currently, the rate of tax imposed on the highest bracket of income is 4.95%. Beginning January 1, 2024, this bill lowers the top rate to 4.5%.

Currently, there is a 4% rate of tax imposed on corporate income. Beginning January 1, 2024, this bill lowers the rate of taxation on corporate income to 2%.

Beginning 2025, a further reduction of 1% to corporate income tax may be made if the amount of revenue from corporate income tax collected in the immediately preceding fiscal year exceeds the highest amount of revenue from corporate income tax collected in any fiscal year prior to the immediately preceding fiscal year by at least \$50 million. Such a reduction shall only be made once and shall continue in effect for all subsequent years.

Beginning January 1, 2024, any Social Security benefits received by a taxpayer, regardless of age, including retirement, disability, survivors, and supplemental benefits shall be entitled to the maximum exemption available regardless of the taxpayer's filing status or the amount of the taxpayer's Missouri adjusted gross income.

This bill also repeals the provisions of Section 273.050, RSMo which currently imposes a tax on the owner of a dog.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that lowering and/or eliminating the corporate income tax will increase economic growth in the state of Missouri by making the state a more attractive venue for new businesses to develop and grow. Also, cutting the corporate income tax is a far better option than giving preferential treatment in the form of a tax credit.

Testifying in person for the bill were Representative Deaton; NFIB; Mo Retailers Assn; Mo Grocers Assn; Missouri Century Foundation; Patrick Ishmael, Show Me Institute; and the Americans for Prosperity.

OPPONENTS: Those who oppose the bill say that cutting the corporate income tax will have little to no effect on economic growth. To illustrate, there are two states that currently have a 0% corporate income tax rate, Wyoming and South Dakota; however, neither of these states is home to a Fortune 500 company.

Testifying in person against the bill were Paraquod; Missouri NEA; and the Mo Budget Project.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.