

HB 757 -- Taxation

Co-Sponsors: Jetton, Sutherland, Hunter, Cooper (120)

This bill makes various changes related to taxation.

The bill eliminates the taking of various tax credits against tax liability beginning in tax year 2010. These tax credits are: Neighborhood Assistance tax credit; Missouri Development Finance Board tax credits; Circuit Breaker tax credit; New Business Facility tax credit; New or Expanded Business Facility tax credit; Wood Energy tax credit; Special Needs Adoption tax credit; Sponsorship and Mentoring Program tax credit; Missouri Low-income Housing tax credit; Missouri Small Businesses and Community Banks tax credit; Youth Opportunities and Violence Prevention tax credit; Distressed Communities tax credits; Small Business ADA tax credit; Certified Capital Companies tax credit; Domestic Violence Centers tax credit; Maternity Home tax credit; Wine and Grape Production tax credit; Film Production Project tax credit; S Corporations Bank and Franchise tax credits; Higher Education Scholarship Program tax credit; Advantage Missouri Program tax credit; New Jobs Training Program tax credit; Family Development Account Program tax credit; Historic Structures Rehabilitation tax credits; Dry Fire Hydrant tax credit; Innovation Centers tax credit; New Generation Cooperative tax credits; Brownfield Redevelopment tax credit; Small Business Incubator Program tax credit; Missouri New Enterprise Creation tax credit; Qualified Research Expenses tax credit; Missouri Individual Training Account Program tax credit; Mature Worker Child Care Program tax credit; and Shared Care tax credit.

The bill creates a flat tax for individual income taxpayers at the rate of 4% on taxable income beginning with tax year 2004. Personal exemptions will increase from \$2,100 to \$10,000 for single taxpayers; from \$4,200 to \$20,000 for joint taxpayers; from \$2,100 to \$15,000 for heads of household; and from \$4,200 to \$20,000 for surviving spouses. Most deductions for individual taxpayers are eliminated.

The bill reduces the Missouri corporation income tax rate from 6.25% to 4.25% in tax year 2005, from 4.25% to 2.25% in tax year 2007, and from 2.25% to zero in tax year 2008.

The bill also decouples from the federal Internal Revenue Code by setting the reference to the Internal Revenue Code in current law as being the code as it stands on January 1, 2009, and also requires all lottery and other gaming winnings to be included in Missouri nonresident adjusted gross income when the winnings are from a Missouri source.

The bill contains an emergency clause for the portion of the bill relating to the flat tax for individual income taxpayers.