

HCS HB 364 -- INCOME TAX DEDUCTION FOR HEALTH INSURANCE PREMIUMS

SPONSOR: Sutherland (Ervin)

COMMITTEE ACTION: Voted "do pass" by the Committee on Ways and Means by a vote of 8 to 0.

This substitute authorizes 100% of the amount paid for nonreimbursed qualified health insurance premiums to be deducted from a taxpayer's Missouri taxable income to the extent the amount is not already included in the taxpayer's itemized deductions.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$2,420,215 to \$11,220,215 in FY 2008, \$2,429,524 to \$11,229,524 in FY 2009, and \$2,433,245 to \$11,233,245 in FY 2010. No impact on Other State Funds in FY 2008, FY 2009, and FY 2010.

PROPOSERS: Supporters say that 65% of plans currently get a federal deduction; 18-20% have a cafeteria plan with a federal deduction; and 20-22% receive no federal benefit. The bill will benefit anyone paying their own health insurance and helps level the playing field. The bill will increase access to healthcare and lower the costs of healthcare by reducing the number of uninsured Missourians. Any insurance company premiums will be deductible. This will help self-insured individuals, working poor, and first-time workers afford health insurance.

Testifying for the bill were Representative Ervin; Taxpayers Research Institute of Missouri; Missouri Insurance Coalition; and Coventry Health Care.

OPPOSERS: There was no opposition voiced to the committee.