

HB 2034 -- Individual Income Tax

Sponsor: Oxford

Beginning January 1, 2011, this bill changes the laws regarding the Missouri individual income tax. In its main provisions, the bill:

(1) Eliminates the deduction for federal income taxes paid which is currently capped at \$5,000 for a single taxpayer and \$10,000 for a married couple;

(2) Establishes a refundable tax credit of \$150 per family member including the taxpayer, the taxpayer's spouse, and the taxpayer's dependents based on the taxpayer's Missouri adjusted gross income. A phase-out of the credit is established for incomes between \$30,000 and \$50,000 for single or married filing separately taxpayers and for incomes between \$60,000 and \$80,000 for married filing combined and head of household taxpayers. Taxpayers with incomes greater than the phase-out amounts are not eligible for the credit; and

(3) Creates new income tax rates and brackets. Currently, the maximum rate is 6% for incomes greater than \$9,000. The new rate maximum will be 9% for taxable incomes greater than \$50,000.

The bill contains a referendum clause and will be submitted to qualified voters in November 2010.