

HCS HB 109 -- EARNED INCOME CREDIT

SPONSOR: Kelley (127)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Tax Policy for Working Families by a vote of 9 to 0. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 11 to 0.

This bill establishes the "Missouri Earned Income Tax Credit Act" which authorizes, beginning January 1, 2019, an individual income tax credit equal to 20% of any earned income tax credit claimed by the taxpayer on his or her federal income tax return. Any credit that exceeds the taxpayer's liability in any tax year cannot be refunded to the taxpayer. The Department of Revenue must notify taxpayers who may qualify for the credit and must contract with one or more nonprofit groups to contact non-English speaking individuals, elderly residents, tenants, and very low-income individuals who do not file tax returns to notify them annually of the credit. The department must prepare an annual report containing the number of credits issued and claimed, the total amount of revenue expended, and the average value of the credits issued within certain income ranges.

This bill is similar to HB 1605 (2016) and HB 1296 (2015).

PROPOSERS: Supporters say that the Missouri Earned Income Tax Credit would be a tax cut for working families and would help poor families have a higher quality of life.

Testifying for the bill were Representative Kelley; Missouri Budget Project; League Of Women Voters of Missouri; Missouri Children's Leadership Council; Empower Missouri; Missouri Community Action Network; Robert Bonner, Missouri Restaurant Association; St. Louis Regional Chamber And Growth Association (RCGA); and Dayna M. Stock, United Way of Greater St. Louis.

OPPOSERS: Those who oppose the bill say that there are several technical issues with the bill. The Missouri Earned Income Tax Credit should not be tied to the federal tax credit because doing so would pass the costs of mistaken or fraudulent federal returns onto Missouri. Additionally, it would be better to make the tax credit part of a comprehensive tax reform.

Testifying against the bill was the Missouri Society of Certified Public Accountants.

This bill is similar to HB 1605 (2016).