

HB 547 -- INCOME TAX ADJUSTMENT FOR INFLATION

SPONSOR: Curtman

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 11 to 1. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 8 to 3.

Beginning January 1, 2018, this bill requires the Department of Revenue to adjust Missouri taxable income amounts used to determine income tax brackets by the same amount of percentage increases in inflation for all years between 1934 and 2015.

The provisions of the bill will expire December 31, two years from the effective date.

This bill is similar to HB 2252 (2016) and HB 1043 (2015).

PROPONENTS: Supporters say that the bill makes a gradual inflation adjustment for 80 years worth of change beginning with 1934 inflation rate. Every year starting with 2018, one year will be adjusted an average of 1.5% per year. This is a good slow way to adjust the tax brackets. The inflation adjustment to the tax bracket is fair to taxpayers, particularly low-income citizens.

Testifying for the bill was Representative Curtman.

OPPONENTS: Those who oppose the bill say that adjusting based on historical inflation data and taking 80 years is problematic. It would be better to implement this bill quicker and decrease the number of tax brackets.

Testifying against the bill was Missouri Budget Project.