

HCS HB 1357 -- 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 6 to 0. Voted "Do Pass" by the Rules- Administrative Oversight Committee by a vote of 9 to 4.

This bill establishes the "Missouri Earned Income Tax Credit Act" which authorizes 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, beginning on January 1, 2019. 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.

Additionally, beginning January 1, 2019, 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.

This bill is similar to HB 109 (2017) and HB 1605 (2016).

PROPONENTS: Supporters say that this bill would help working families and would help reduce long-term dependence on public aid, as well as reduce food and housing insecurity.

Testifying for the bill were Representative Kelley; Missouri Catholic Conference; Missouri Budget Project; Kids Win Missouri; St. Louis Regional Chamber; and Empower Missouri.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that although there have not been any recent changes to the federal earned income tax credit, the change to the standard deduction under federal law may mean that fewer people have tax liability to offset against.

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