

HB 1824 -- TAX REFORM

SPONSOR: Fitzwater

This bill modifies provisions relating to taxation.

STREAMLINED SALES AND USE TAX AGREEMENT

This bill requires the Director of the Department of Revenue to enter into the Streamlined Sales and Use Tax Agreement (SSUTA). The state shall be represented by four delegates in meetings with other states regarding the agreement. One delegate shall be appointed by the Governor, one shall be a member of the General Assembly appointed by the President Pro Tem of the Senate, one shall be a member of the General Assembly appointed by the Speaker of the House of Representatives, and one shall be the Director of the Department of Revenue or his or her designee. These delegates shall report annually to the General Assembly regarding SSUTA. The bill authorizes the director to take other action reasonably required to implement the provisions of SSUTA, including rule making and the joint procurement with member states of goods and services in furtherance of SSUTA (Section 32.070, RSMo).

TAX CREDIT CAP

This bill implements a cap of \$425 million on the aggregate amount of all tax credits that may be authorized in a given fiscal year (Section 135.007).

LOW INCOME HOUSING TAX CREDIT

This bill implements a cap of \$135 million on the amount of tax credits that may be authorized in a given fiscal year under the Missouri Low-Income Housing Tax Credit program.

The bill also prohibits the issuance of tax credits for the 4% credit for projects financed through tax-exempt bond issuance (Section 135.352).

MOTOR FUEL TAX

Beginning January 1, 2019, this bill increases the rate of motor fuel tax from \$0.17/gallon to \$0.23/gallon (Section 142.803).

INCOME TAX

Current law provides for a reduction in the top rate of income tax over a period of years from 6% to 5.5%, with each cut becoming effective if net general revenue collections meet a certain

trigger. Beginning in the 2019 calendar year, this bill eliminates tax rate brackets so that the top remaining tax rate is reduced to 4.8% for all income over \$8,000, and the bottom remaining tax rate is 3.5% for all income not over \$5,000. In each subsequent calendar year, the rates of tax for each remaining income bracket shall be reduced by 0.1% if net general revenue collections in the fiscal year equal or exceed the net general revenue collections from the previous fiscal year. Each rate shall not be reduced more than once per calendar year, and the Director of Revenue shall adjust the tax tables as provided in the bill. Each income bracket shall be eliminated once the rate for such bracket is reduced to 0% (Section 143.011).

The bill decouples the Missouri standard income tax deduction from the federal standard deduction, and sets the amount of the deduction at the 2016 tax year levels (Section 143.131).

The bill also repeals the Missouri income tax deduction for a taxpayer's federal income tax liability (Section 143.171).

SALES TAXES ALLOWANCE

Currently, a vendor is allowed to retain 2% of the amount of sales tax due to the state if the vendor timely remits the tax due on or before the due date. This bill repeals such allowance (Section 144.140).

INTEREST CHARGES ON DELINQUENT USE TAXES

This bill repeals the requirement that interest be paid on delinquent use taxes after August 28, 2018 (Section 144.170).

FANTASY SPORTS OPERATOR FEES

Beginning January 1, 2019, this bill reduces the annual operation fee for fantasy sports contest operators from 11.5% to 6% (Section 313.935).

This bill is similar to SB 617 (2018).