

SB 573 -- MILITARY INCOME TAX DEDUCTION

SPONSOR: Wallingford

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Veterans by a vote of 13 to 0. Voted "Do Pass" by the Rules-Legislative Oversight Committee by a vote of 11 to 0.

This bill allows members of the National Guard or reserve components of the Armed Forces of the United States to deduct such military income from his or her Missouri adjusted gross income to determine such taxpayer's Missouri taxable income. The percentage of such income that may be deducted will be phased in between tax years 2020 and 2024 in 20% increments.

The income tax deduction will only apply to income received as salary or compensation in performance of Inactive Duty for Training (IDT) of the National Guard, Annual Training Status (AT) of the National Guard, or in reserve components of the Armed Forces of the United States. The deduction does not apply to income received while engaging in civilian federal service, including civil service positions requiring the wearing of military uniform and military affiliation.

PROPONENTS: Supporters say that the current deductions do not apply to activated National Guardsmen serving within the state. This bill would provide an extra benefit and show support for the military installations and operations in the state when the federal government is looking at reducing or expanding military missions.

Testifying for the bill were Senator Wallingford; Missouri National Guard Association; Michael Haffner, Air Force Association; Don Koonce, MONGA/ESGR; and Pat Rowe Kerr.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that the department, under the previous administration, made the decision that the current exemption only applied to certain military orders. The current department administration has expanded the interpretation to include more military orders.

Testifying on the bill was the Missouri Department of Revenue.