

HB 291 -- EARNED INCOME CREDIT

SPONSOR: Kidd

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 5 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, 2020. 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 the same as HB 1357 (2018).

PROPONENTS: Supporters say that this bill is effectively a tax cut for the working poor. Additionally, supporters said that this bill makes Missouri's tax policy more equitable, encourages entering into the workforce, and makes families more financially stable.

Testifying for the bill were Representative Kidd; United Way; Great Circle; Missouri Community Action Network; Missouri Budget Project; Missouri Catholic Conference; Children's Trust Fund; and Empower Missouri.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill said that tying the state to the Federal Earned Income Tax Credit may create issues since their program is very complex to apply for and it may be difficult for the Department of Revenue to contact individuals that did not take advantage of the tax credit.

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