

HCS HB 333 -- TAXATION

SPONSOR: Shaul (113)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Financial Institutions by a vote of 10 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 10 to 0.

This bill subtracts interest received on deposits held at a Federal Reserve Bank from a taxpayer's Missouri adjusted gross income.

For any tax year beginning on or after January 1, 2020, a tax credit will not be allowed to a banking institution equal to one - sixtieth of one percent of its outstanding shares and surplus employed in this state if the outstanding shares and surplus exceed \$1 million, determined in the same manner as in the phased-out annual franchise tax.

This bill is similar to HB 455 and SB 174 (2019).

PROPONENTS: Supporters say that right now banks are paying both corporate tax and bank tax on interest held in the federal reserve bank and this bill removes the tax they have to pay on corporate tax. Under this bill, federal reserve bank interest is reported clearly in only one place and will eliminate any confusion.

Testifying for the bill were Representative Shaul; Missouri Independent Bankers Association; and Missouri Bankers Association.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that this bill will alleviate confusion on whether tax on federal reserve bank interest should be reported under the corporate tax or bank tax. The bill may reduce corporate income tax revenue.

Testifying on the bill was Mark Seittmann, Missouri Department of Revenue.