

HB 991 -- INCOME TAX

SPONSOR: Smith (163)

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 10 to 0. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 13 to 0.

Currently, a taxpayer is allowed to deduct from his or her Missouri adjusted gross income a portion of his or her federal income taxes paid. This bill provides that federal income tax credits received under Public Law 116-260 (Consolidated Appropriations Act, 2021) or any amount of federal income tax refund attributable to a tax credit reducing a taxpayer's federal tax liability under any other federal law that provides direct economic impact payments to taxpayers to mitigate financial challenges related to the COVID-19 pandemic will not be considered when determining the amount of federal income tax liability allowable as a deduction (Section 143.171, RSMo).

Currently, taxpayers who itemize deductions are required to include any federal income tax refund amounts in his or her Missouri adjusted gross income if such taxpayer previously claimed a deduction for federal income tax liability on his or her Missouri income tax return. This bill provides that any amount of a federal income tax refund attributable to a tax credit received under Public Law 116-260 (Consolidated Appropriations Act, 2021) or any amount of federal income tax refund attributable to a tax credit reducing a taxpayer's federal tax liability under any other federal law that provides direct economic impact payments to taxpayers to mitigate financial challenges related to the COVID-19 pandemic will not be included in the taxpayer's Missouri adjusted gross income (Section 143.121).

This bill has an emergency clause.

PROPONENTS: Supporters say that this will reduce the tax burden for taxpayers by waving the tax on direct economic stimulus payments from the federal government that certain individuals received last year. Supporters said that this is not the first time that such a wavier has happened as a result of direct payments from the federal government.

Testifying for the bill were Representative Smith; Arnie Dienoff; and the Missouri Cattlemen's Association.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill provided testimony on how this federal tax credit interacts with taxable income on the state level.

Testifying on the bill was Missouri Department of Revenue.

Written testimony has been submitted for this bill. The full written testimony can be found under Testimony on the bill page on the House website.