

HCS HB 1139 -- INCOME TAX

SPONSOR: Eggleston

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Ways and Means by a vote of 7 to 0. Vote "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 11 to 3.

The following is a summary of the House Committee Substitute for HB 1139.

Currently, the top rate of income tax may be reduced over a period of years if certain triggers are met.

This bill replaces the current rates of tax on income based upon different levels of income of Missouri taxable income with a tax rate of 5.4%, or the top rate of tax as in effect on January 1, 2022, whichever is less, on all Missouri taxable income and has the current income tax cuts applied to this rate (Section 143.011, RSMo).

Currently, the Missouri combined taxable income on a combined return must include all of the income and deductions of the husband and wife, and Missouri taxable income of each spouse is an amount that is the same proportion of their Missouri combined taxable income as the Missouri adjusted gross income of that spouse bears to their Missouri combined adjusted gross income.

Beginning, January 1, 2022, the Missouri combined taxable income on a combined return must include all of the income and deductions of the husband and wife (Section 143.031).

Beginning January 1, 2022, this bill increases the Missouri standard deduction to the allowable federal standard deduction plus \$4000 if filing single or married and filing separately, or plus \$8000 if married and filing jointly (Section 143.131).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that this bill replaces the current income tax rate structure which has ten brackets with a simple, single, tax rate. Additionally, this bill increases the Missouri standard deduction in order to offset tax increases to lower income earners.

Testifying for the bill were Representative Eggleston; and Arnie

Dienoff.

OPPONENTS: There was no opposition voiced to the committee.

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.