

HCS SB 365 -- TAXATION

SPONSOR: Wieland (Murphy)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Economic Development by a vote of 10 to 1. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 6 to 2.

The following is a summary of the House Committee Substitute for SB 365.

This bill modifies several provisions relating to taxation.

EARNINGS TAX (Sections 92.111 and 92.117,RSMo)

This bill prohibits the City of St. Louis from imposing an earnings tax on any salaries, wages, commissions, net profits, or other compensation earned for any portion of work that is performed outside of the limits of the city.

This provision is the same as HB 1420 (2021).

This bill also requires the City of St. Louis to submit to the voters on the first municipal election day following August 28, 2021, a question of whether to exempt workers who are paid wages at the minimum wage rate from the earnings tax.

This provision is the same as HB 1419 (2021).

PERSONAL PROPERTY TAX LISTS (Section 137.280)

This bill allows a county assessor, upon request of a taxpayer, to send personal property tax lists and notices in electronic form.

INCOME TAXES (Sections 143.088, 143.121, and 143.171)

For all tax years beginning on or after January 1, 2022, this bill provides that no income tax will be imposed on the first \$50,000 of income of any person who is under 23 years of age on the first day of the tax year.

This provision is similar to HB 1292 (2021).

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.

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.

These provisions contain an emergency clause.

These provisions are the same as HB 991 (2021) and are similar to SCS SBs 405, 522, & 428 (2021), and to a provision contained in HCS SB 676, HCS SS#2 SB 704, and HCS SS SCS SB 570 (2020).

MISSOURI WORKS (Section 620.2020)

Currently, the Missouri Department of Economic Development is required to recapture Missouri Works Program Benefits from a company if it fails to timely file the annual audit report.

This bill specifies that, if a qualified company fails to timely file the annual report, the Department of Economic Development will communicate with an employee, as described in the bill, to inform the qualified company of the failure to timely file the annual report. If the qualified company requests an extension in writing to the Department within 30 days following the deadline to file the annual report, the Department will grant one 30-day extension beginning on the date that the request was received by the Department to file the report without penalty. A failure to submit the report by the end of any extension granted will result in the forfeiture of tax credits and a recapture of withholding tax as provided in current law. Additionally, a qualified company that had an annual report due between January 1, 2020, and September 1, 2021, will not be subject to the forfeiture of tax credits attributable to the year for which the reporting was required or to the recapture of withholding taxes retained by the qualified company or qualified military project during such year so long as the annual report is filed with the Department by November 1, 2021.

This provision contains an emergency clause.

This provision is the same as HCS HBs 1339 & 1324 (2021) and is similar to SB 227 (2021).

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 simply enables assessors to send personal property tax lists and notices in electronic form. This was brought to the sponsor by a county assessor because the assessor had requests to send these items in electronic form.

Testifying for the bill were Senator Wieland; 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.