

HB 12 -- INCOME TAX

SPONSOR: Smith (163)

This bill modifies numerous provisions of law relating to income tax.

RESIDENT INDIVIDUAL INCOME TAXES (Section 143.011, RSMo)

As specified in this bill, beginning January 1, 2023, a tax of 4.8% is imposed for every tax year on the Missouri taxable income of every resident.

Beginning with the 2024 calendar year, the rate of tax may be reduced by .1%. No more than one reduction may occur per calendar year with no more than eight reductions in total. Reductions in the rate of tax will take effect on January first of a calendar year and such reduced rates shall continue in effect until the next reduction occurs. A reduction in the rate of tax will occur only if the amount of net general revenue collected in the previous fiscal year exceeds the highest amount of net general revenue collected in any of the three fiscal years prior to such fiscal year by at least \$150 million. The \$150 million threshold will be adjusted for inflation as specified in the bill.

COMBINED RETURNS (Section 143.031)

For combined tax returns, current law defines the taxable income of each spouse as the proportion of such person's Missouri adjusted gross income bears to the combined adjusted gross income. For all tax years beginning on or after January 1, 2023, this bill ends such provision.

CORPORATE INCOME TAXES (Section 143.071)

Currently, an income tax is imposed on the taxable income of corporations at a rate of 4%. Beginning January 1, 2024, the rate of tax may be reduced by .2%. No more than one reduction may occur per calendar year with no more than eight reductions in total. Reductions in the rate of tax will take effect on January first of a calendar year and such reduced rates shall continue in effect until the next reduction occurs. A reduction in the rate of tax will occur only if the amount of revenue collected from corporate income tax in the previous fiscal year exceeds the highest amount of revenue collected from corporate income tax in any of the three fiscal years prior to such fiscal year by at least \$10 million. The \$10 million threshold will be adjusted for inflation as specified in the bill.

MISSOURI STANDARD DEDUCTION (Section 143.131)

Beginning January 1, 2023, this bill increases the Missouri standard deduction to the allowable federal standard deduction plus an additional \$3500 for an individual taxpayer or an additional \$7000 for married taxpayers filing a combined return.