

SS SCS SBs 3 & 5 -- INCOME TAXES

Current law provides for reductions to the top rate of income tax to an eventual rate of 4.8% over a period of years, contingent on meeting certain net general revenue collection triggers. This bill repeals all such scheduled reductions and reduces the top rate of income tax to a rate of 4.95% beginning with the 2023 calendar year.

Beginning with the 2024 calendar year, this bill also adds one additional potential 0.15% reduction in the top rate of tax for a possible rate of 4.8%. Such additional reduction shall only be effective 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 \$175 million.

Finally, this bill adds three additional potential 0.1% reductions in the top rate of tax, for a possible rate of 4.5%. Such additional reductions shall only be effective 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 \$200 million, and exceeds the amount of net general revenue collections from the fifth prior fiscal year, adjusted annually for inflation. The amount of net general revenue collected required to reduce the top rate of tax from 4.8% to 4.5% shall be adjusted annually by the percent increase in inflation. (Section 143.011, RSMo)

Current law exempts the first \$100 of a taxpayer's income from taxation. For all tax years beginning on or after January 1, 2023, this bill exempts the first \$1,000 of income from taxation. (Section 143.021)