

HCS SS SCS SB 133 -- TAXATION

SPONSOR: Moon

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Ways and Means by a vote of 9 to 3. Motion to "Do Pass- failed" by the Standing Committee on Rules- Legislative Oversight by a vote of 2 to 6. Voted "To Reconsider" by the Standing Committee on Rules- Legislative Oversight by a voter of 7 to 3. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 7 to 3. Voted "Do Pass with House Substitute" by the Standing Committee on Legislative Review by a vote of 6 to 3.

The following is a summary of the House Substitute for SB 133.

Currently, an income tax credit for certain senior citizens and disabled veterans is authorized in an amount equal to a portion of such taxpayer's property tax liabilities, with the amount of the credit dependent on the taxpayer's income and property tax liability. This bill modifies the definition of "income" to increase the amount deducted from Missouri adjusted gross income from \$2,000 to \$2,800, or, for claimants who owned and occupied the residence for the entire year, such amount is increased from \$4,000 to \$5,800.

The maximum allowable credit under current law is limited to \$750 in rent constituting property taxes actually paid or \$1,100 in actual property tax paid. This bill increases such amounts to \$1,055 and \$1,550, respectively, and annually adjusts such maximum amounts for inflation.

Additionally, current law limits the tax credit to qualifying taxpayers with an income of \$27,500 or less, or \$30,000 in the case of a homestead owned and occupied by a claimant for the entire year. This bill increases such maximum income to \$38,200, or \$42,200 in the case of a homestead owned and occupied by a claimant for the entire year, and annually adjusts both amounts for inflation.

The bill also specifies the exemption and refund for the motor fuel tax, which is currently paid on a fiscal year basis. Such provision will be in effect through the end of the 2023 fiscal year. Beginning in fiscal year 2024, exemptions and refunds issued for the motor fuel tax will be based on the tax year. Currently, a claim for an exemption and refund cannot be transferred or assigned. This bill repeals that restriction. The bill also removes the requirement that a claim include the vehicle identification number, the date of sale, and the name and address

of the fuel seller. To claim an exemption, a person must submit his or her total gallons purchased during the tax year for which the exemption and refund is claimed and multiply the number by the amount of tax paid per gallon on the purchase of fuel in the state. Claimants must certify under penalty of perjury that the information submitted to the Department of Revenue is a true and accurate representation of the numbers required.

For all tax years beginning on or after January 1, 2024, a tax will be imposed on the Missouri taxable income of corporations in an amount equal to 2% of Missouri taxable income. Additionally, beginning with fiscal year 2026, the rate imposed on corporations may be reduced to 1% as specified in the bill. Upon the full reduction and elimination of the tax under this section, no corporate income tax credits shall be claimed in any tax years where there is no tax imposed upon the Missouri taxable income of corporations.

Currently, taxpayers with certain filing status and adjusted gross income below certain thresholds are allowed to deduct 100% of Social Security retirement and disability benefits from the taxpayer's Missouri adjusted gross income, with a reduced deduction as the taxpayer's adjusted gross income increases. For all tax years beginning on or after January 1, 2024, this bill allows the maximum deduction to all taxpayers regardless of filing status or adjusted gross income and allows the deduction to be taken for Social Security retirement, disability, survivors, and supplemental benefits.

Currently, a taxpayer is authorized to claim a \$1,200 exemption for each dependent for whom such taxpayer is entitled to a dependency exemption for federal tax purposes, provided such federal exemption is not equal to \$0. This bill authorizes a taxpayer to claim a \$2,400 exemption during the tax year in which a taxpayer gives birth to a child for which the taxpayer is entitled to a dependency exemption for federal tax purposes, regardless of whether the federal exemption is equal to \$0.

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

PROPONENTS: Supporters say that a larger child deduction will help families offset the enormous costs and expense of childbirth, such as associated medical bills. This bill is therefore pro-family, in that it provides parents a chance to spend their income on other childcare needs.

Testifying in person for the bill were Senator Moon; Missouri Baptist Convention; and Missouri Right To Life.

OPPONENTS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under "House Testimony on Senate Bills" on the House website.