

HB 1516 -- EARNINGS TAX

SPONSOR: Murphy

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Economic Development by a vote of 12 to 4. Voted "Do Pass" by the Standing Committee on Rules- Regulatory Oversight by a vote of 6 to 3.

Beginning on September 30, 2024, this bill specifies that the City of St. Louis shall not continue to impose an earnings tax without submitting a quarterly report detailing receipts from the earnings tax, as described in the bill. The report shall be posted on the website of the city and the Collector of Revenue, and shall also be submitted to the State Auditor, the Secretary of the Senate, the Chair of the Senate Appropriations Committee, the Clerk of the House of Representatives, and the Chair of the House of Representatives Budget Committee.

For all tax returns filed on or after January 1, 2025, this bill also specifies that the term "work done or services performed or rendered in the city" shall not include any work or services performed or rendered through telecommuting or otherwise performed or rendered remotely unless the location where such remote work or services are performed is located in the city. The bill creates a cause of action for a taxpayer who is denied a refund for taxes paid for work or services not performed or rendered in the city.

No later than September 30, 2024, the city shall establish a process for taxpayers to request a refund for any earnings tax levied on work or services performed or rendered through telecommuting or otherwise performed or rendered remotely, unless the location where such remote work or services were performed is located in the city.

This bill is similar to HB 589 (2023).

PROPONENTS: Supporters say that this bill forces the City of St Louis to follow the law. As a result, the bill will ensure taxpayers who do not work in St Louis City or Kansas City, nor use such city's services, are treated more fairly. Currently, a person who is required to pay the earnings tax, but who does not live in the city, is being taxed without any representation. As more people begin to work remotely, the number of taxpayers subject to this tax will fall. Supporters further say that this bill would require that St Louis City restart the refund process to remote workers.

Testifying in person for the bill was Representative Murphy.

OPPONENTS: Those who oppose the bill say that the earnings tax is consistently reauthorized by overwhelming majorities each time the question is placed in front of voters every five years. Supporters further state the loss of such needed revenue would result in a tremendous decrease to vital public services that the citizens of St Louis depend upon.

Testifying in person against the bill were City of St Louis; and Demetris Alfred, Missouri State Council of Firefighters.

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