

HB 2274 -- CORPORATE INCOME TAX

SPONSOR: Smith (155)

COMMITTEE ACTION: Voted "Do Pass" by the Special Committee on Tax Reform by a vote of 7 to 3. Voted "Do Pass" by the Standing Committee on Rules- Regulatory Oversight by a vote of 6 to 3.

Currently, the taxable income of corporations is equal to 4% of Missouri taxable income.

This bill phases out the Missouri state corporate income tax over a period of years using the following timetable:

Beginning January 1, 2025, the taxable income of corporations will equal 3% of Missouri taxable income.

Beginning January 1, 2026, the taxable income of corporations will equal 2% of Missouri taxable income.

Beginning January 1, 2027, the taxable income of corporations will equal 1% of Missouri taxable income.

For all tax years beginning on or after January 1, 2028, there shall be no tax imposed upon the Missouri taxable income of corporations.

Once the corporate tax is fully reduced and eliminated, no corporate income tax credits shall be claimed. However, a corporate taxpayer may redeem a refundable tax credit properly claimed and issued before the corporate tax is eliminated.

This bill is similar to HB 660 (2023).

PROPOSERS: Supporters say that by lowering the corporate tax rate, Missouri has a better chance of attracting new businesses into the State; and because this bill eliminates the corporate tax over a number of years, the State will have ample time to make necessary adjustments. Supporters further say that by also eliminating existing tax credits for corporations, whatever losses the State might incur from eliminating the corporate income tax will be less severe.

Testifying in person for the bill were Representative Smith; NFIB (National Federation of Independent Business); and the Missouri Chamber of Commerce.

OPPONENTS: Those who oppose the bill say that the elimination of the corporate tax rates could have unintended adverse consequences for the State.

Testifying in person against the bill was Arnie C. Dienoff.

OTHERS: Others testifying on the bill say if this bill is passed into law, the legislature should take careful analysis of whether such provisions negatively affect the existing laws governing the taxation of banking and credit institutions under Chapter 148, RSMo.

Testifying in person on the bill was Missouri Bankers Association.

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.