

HB 2275 -- EARNINGS TAXES

SPONSOR: Keathley

Currently, the cities of St. Louis and Kansas City may levy an earnings tax on the income of residents and nonresidents performing work in the city, with a rate not to exceed 1%.

Beginning January 1, 2025, the rate of tax imposed in St. Louis City may be reduced over a period of years. Each reduction shall be by 0.1% and shall only occur if the amount of annual revenue received in the previous fiscal year is greater than the amount of annual revenue received in the fiscal year immediately previous to such fiscal year by at least 3%.

An amount equal to 50% of the growth in annual revenue received in a year in which such a reduction occurs shall be deposited into the "Earnings Tax Reserve Fund", which is created by this bill. Revenue deposited into the fund shall be used to offset the reduction in revenues due to reductions in the rate of the earnings tax. If the balance in the fund exceeds the amount necessary to offset reductions in revenue, the governing body of the city may authorize refunds to taxpayers from such excess balance.

This bill is the same as SB 993 (2024).