

HB 2457 -- RESEARCH AND EXPERIMENTATION COSTS

SPONSOR: Justus

COMMITTEE ACTION: Voted "Do Pass" by the Special Committee on Tax Reform by a vote of 10 to 0. Voted "Do Pass" by Rules-Legislative Oversight by a vote of 8 to 0.

Currently, Missouri taxpayers are unable to deduct certain research and experimentation expenditures from their adjusted gross income for tax purposes. This limitation is a result of the Federal "Tax Cuts and Jobs Act" of 2017.

This bill de-couples Missouri from the provisions of the Federal law, and allows taxpayers to deduct specified research and experimental expenditures from their Federal adjusted gross income, beginning with the 2022 tax year.

PROPOSERS: Supporters say that businesses are no longer able to deduct certain expenses because of a Federal tax change, which has resulted in the business realizing a much higher net taxable income. Such a deduction in Missouri will greatly benefit businesses that conduct a lot of experimentation in the development of their products.

Testifying in person for the bill were Representative Justus; and the Missouri Chamber of Commerce and Industry.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that if the deduction is to be made retroactive, it could result in future Constitutional issues or challenges.

Testifying in person on the bill was the Department of Revenue.

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.