

HCS HBs 2464 & 2460 -- INCOME EXEMPT FROM EARNINGS TAX

SPONSOR: Butz

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Economic Development by a vote of 10 to 4 and 1 present. Voted to "Do Pass" by the Standing Committee on Rules-Legislative Oversight by a vote of 8 to 0.

The following is a summary of the House Committee Substitute for HB 2464.

This bill exempts from the city earnings tax all taxpayers whose income is at or below \$35,500.

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

PROPOSERS: Supporters say that any type of exemption from the earnings tax is a significant amount for the working poor. This bill is therefore a very focused tax cut for the individuals who need it the most, especially since the earnings tax disproportionately affects the poor more than higher income earners.

Testifying in person for the bill were Representative Butz; and Empower Missouri.

OPPOSERS: Those who oppose the bill say that if enacted, this bill would result in a loss of \$25-30 million, which would significantly reduce vital services to the working poor. Opponents further say that a tax cut like this could be the beginning of a slippery slope toward total elimination of the earnings tax, a tax on which St Louis and Kansas City greatly depend. With current caps imposed upon sales and property taxes, St Louis and Kansas City cannot easily replace the revenue that the earnings tax brings in.

Testifying in person against the bill were City of St Louis; City of Kansas City, Greater Kansas City Chamber, and the Civic Council of Greater Kansas City.

OTHERS: Others testifying on the bill say that the earnings tax has been in place for several decades and continues to play a meaningful role in both cities.

Testifying in person on the bill was the Catholic Charities Archdiocese of St Louis.

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.