

HB 2919 -- TAXATION

SPONSOR: Davidson

Currently, personal income tax is imposed on Missouri taxpayers by applying a tax table based on income brackets.

Beginning January 1, 2025, a 4% tax will be imposed on all taxable income of every Missouri resident. The Department of Revenue will adjust the appropriate tax rates to effectuate the provisions of this bill.

Upon adoption of a Constitutional amendment authorizing the creation of a surplus revenue fund, in addition to all other existing rate reductions currently in statute, beginning with the 2025 calendar year, the new tax rate of 4% may be reduced by one-quarter of a percent. Such a reduction will occur only if the amount of net general revenue collected in the previous fiscal year meets the trigger threshold of \$20 million in surplus revenue and the Tax Reform Fund has reached and maintained an amount of \$250 million (Section 143.011, RSMo).

Beginning January 1, 2025, there will be no tax on taxable income of less than or equal to \$1,000 (Section 143.021).

Beginning January 1, 2025, there will be no Federal income tax deduction for any individual or corporate taxpayer (Section 143.171).

If the surplus conditions the Tax Reform Fund established in the Missouri Constitution are met and a personal income tax decrease is triggered as specified in this bill, there will be a one-quarter of one percent increase in all states sales and use tax, effective January 1st of the calendar year immediately following the close of the fiscal year in which the surplus was realized. Such an increase can occur only once per calendar year. The increased sale and use tax rates will be capped once the total amount reaches a rate of 6.225% (Section 144.1050).

This bill contains a contingent effective date for Section 536.010.

This bill is similar to HB 1252 (2023).