

HB 814 -- MODIFICATION OF CERTAIN BUSINESS INCOME TAXES

SPONSOR: Reed

Currently, a 4% tax is imposed upon the Missouri taxable income of corporations. Beginning January 1st of the calendar year, following passage and adoption by the voters of a constitutional amendment, the taxation of a corporation must be computed at the rates described below.

This bill establishes the "Missouri Business Tax Adjustment Act."

For all tax years beginning on or after January 1st of the passage and adoption by the voters of a Constitutional amendment, a tax must be imposed upon the Missouri taxable income of every business entity as follows:

- (1) Business entities with net revenue of \$10 million or more will be taxed at 7% of their Missouri taxable income;
- (2) Business entities with net revenue between \$1 million and \$10 million will be taxed at 5% of their Missouri taxable income;
- (3) Business entities with net revenue of between \$500,000 and \$1 million will be taxed at 3.5% of their Missouri taxable income; and
- (4) Small business entities with net revenue under \$500,000 will remain subject to the applicable existing income tax rates.

The income tax imposed on business entities under this program must be in lieu of any other income taxes, except for small business entities with net revenue under \$500,000.

This bill establishes the "Missouri Business Tax Fund". All net business income tax revenue generated and collected under this program must be deposited in the Fund, and must be allocated as follows:

- (1) 40% to public education, including K-12 schools, community colleges, and state universities;
- (2) 30% to infrastructure projects, including road and bridge repairs;
- (3) 20% to health care programs, with an emphasis on expanding Medicaid coverage and access to rural health care services; and
- (4) 10% to the Missouri Small Business Development Fund.

Taxpayers can still claim other corporate income or personal income tax credits, tax deductions and exemptions, or other tax incentives.