

HB 2754 -- TAXATION

SPONSOR: Warwick

Currently, there is a graduated tax imposed on taxable income of Missouri residents. Beginning January 1, 2027, a flat rate of 4.7% will be imposed on all taxable income of Missouri residents, or the top rate of tax in effect January 1, 2027, whichever is less. Modifications to the flat rate apply only to tax years that begin on or after a modification takes effect. This bill removes all existing taxable income brackets. The bill also allows for certain triggered reductions to the 4.7% flat rate by one-tenth of one percent, with no more than 10 such reductions.

Currently, the Missouri combined taxable income on a combined return must include all of the income and deductions of each spouse, and Missouri taxable income of each spouse is an amount that is the same proportion of their Missouri combined taxable income as the Missouri adjusted gross income of that spouse bears to their Missouri combined adjusted gross income. This provision ends December 31, 2026. Beginning January 1, 2027, there will be one column for the calculation of total Missouri combined adjusted gross income on a Missouri income tax return.

Beginning January 1, 2027, this bill increases the Missouri standard deduction to the allowable Federal standard deduction plus \$4,000.

Currently, a taxpayer is liable for interest on repayment of a tax credit for which he or she qualified, but was subsequently denied due to lack of available funds. This bill holds that such a taxpayer will not be held liable for any penalty or interest on any amount that is to be repaid, provided that the balance due is paid within 60 days from the notice of denial or payment arrangements have been approved.

This bill also repeals the Missouri Working Family Tax Credit Act.

This bill is similar to HCS HB 798 (2025).