

HB 3294 -- MILITARY INCOME TAX EXEMPTION

SPONSOR: Mayhew

Currently, for purposes of calculating the Missouri taxable income, 100% of the income received by any person as salary or compensation in any form as a member of the active duty component of the Armed Forces of the United States, and to the extent that such income is included in the Federal adjusted gross income, may be deducted from the taxpayer's Missouri adjusted gross income to determine the taxpayer's Missouri taxable income. The taxpayer's retirement benefits are automatically subtracted from the taxpayer's Federal adjusted gross income.

Beginning January 1, 2027, this bill specifies that all taxable pay, benefits, and allowances paid to or received by a member or former member of the uniformed services as salary, retirement benefits, or compensation in any form for military service in the uniformed services including, but not limited to, basic pay, drill pay, annual training pay, active duty pay, active duty training pay, special and incentive pay, bonuses, inactive duty training (IDT) pay, annual training pay, and any other form of military income is subtracted from a taxpayer's Federal adjusted gross income for the purpose of calculating the taxpayer's Missouri adjusted gross income.