MISSOURI HOUSE OF REPRESENTATIVES

WITNESS APPEARANCE FORM

BILL NUMBER: **HB 3294**	DATE: **5/5/2026**
COMMITTEE: **Ways and Means**	

TESTIFYING: ☐ IN SUPPORT OF ☑ IN OPPOSITION TO ☐ FOR INFORMATIONAL PURPOSES

WITNESS NAME

INDIVIDUAL:

WITNESS NAME: **ABBY HERNDON**	PHONE NUMBER:	
BUSINESS/ORGANIZATION NAME:	TITLE:	
ADDRESS:		
CITY:	STATE:	ZIP:
EMAIL:	ATTENDANCE: **Written**	SUBMIT DATE: **5/5/2026 5:58 PM**

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WITNESS NAME

BUSINESS/ORGANIZATION:

WITNESS NAME: ARNIE C. A.C. "HONEST-ABE" DIENOFF	PHONE NUMBER: 314-440-9000	
BUSINESS/ORGANIZATION NAME: STATE PUBLIC ADVOCACY	TITLE: STATE PUBLIC ADVOCATE	
ADDRESS: PO BOX 1535		
CITY: O'FALLON	STATE: MO	ZIP: 63366
EMAIL:	ATTENDANCE:	SUBMIT DATE: 5/5/2026 12:00 AM

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WITNESS NAME

INDIVIDUAL:

WITNESS NAME: SARAH BERRY	PHONE NUMBER:	
BUSINESS/ORGANIZATION NAME:	TITLE:	
ADDRESS:		
CITY:	STATE:	ZIP:
EMAIL:	ATTENDANCE: Written	SUBMIT DATE: 5/5/2026 8:01 AM

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This testimony is submitted to document structural and constitutional considerations associated with HB 3294 and to preserve those issues for potential judicial review.

The bill consolidates and expands existing provisions relating to military income by providing a full subtraction of all military compensation from Missouri adjusted gross income, while repealing and replacing prior statutory frameworks.

While the policy objective is clear, the resulting tax structure warrants examination within the broader context of uniformity, classification, and cumulative statutory layering.

Legal Concerns:

1. Uniformity in Taxation (Mo. Const. art. X, §§ 3, 4(a))

HB 3294 establishes a complete income tax subtraction for all categories of military income, including active duty, reserve, training, and retirement compensation.

Missouri's Constitution requires that taxation operate in a uniform manner within the same class of subjects.[1]

While the legislature may create classifications, those classifications must be reasonable and not arbitrary.

This bill expands a preferential classification that fully excludes a defined category of income from taxation.

When considered alongside other existing and expanding subtractions—including capital gains, agricultural incentives, and other targeted exclusions—the cumulative structure may raise questions as to whether the income tax system continues to operate uniformly across similarly situated taxpayers.

This testimony preserves that issue.

2. Expansion of Categorical Income Exemptions (Equal Protection Considerations)

The bill does not merely maintain existing benefits but broadens them into a comprehensive exemption covering all forms of military-related compensation.

Courts applying rational basis review typically defer to legislative tax classifications; however, where exemptions are expanded in a manner that creates increasingly distinct treatment among income categories, questions may arise regarding whether similarly situated taxpayers are treated differently without sufficient justification.[2]

This concern is not directed at the policy objective itself, but at the structural expansion of categorical exclusions within the tax code.

3. Structural Layering and Cumulative Tax Base Erosion

HB 3294 must be evaluated within the broader statutory framework, which already includes:

capital gains exclusions

agricultural income incentives

industry-specific tax preferences

other targeted subtractions

Each individual provision may be defensible in isolation.

However, when layered together, such provisions incrementally narrow the taxable base.

The cumulative effect of repeated categorical subtractions may:

shift the relative burden of taxation onto fewer classes of taxpayers

create increasing disparity between similarly situated income earners

raise long-term structural concerns regarding the integrity and neutrality of the tax system

This testimony preserves that broader structural consideration.

4. Reclassification of Deduction to Subtraction (Structural Impact on Tax Calculation)

The bill converts certain existing deductions into subtractions from federal adjusted gross income (MAGI), which alters how tax liability is calculated and may increase eligibility for other deductions tied to income thresholds (e.g., federal income tax deduction).

While this change is characterized as consolidation, it has the practical effect of modifying the structure of the tax base and may produce secondary effects not immediately apparent in the statutory language.

This testimony preserves any claim that such structural adjustments should be evaluated not only for clarity but also for their cumulative fiscal and distributional impact.

Conclusion:
HB 3294 presents a clear policy decision to expand tax relief for military income; however, it also contributes to a broader pattern of categorical income exclusions and structural tax base modification.

These features raise identifiable constitutional and structural considerations, particularly when evaluated in combination with existing provisions.

This testimony is submitted to ensure those considerations are reflected in the legislative record and preserved for potential judicial review.

Footnotes:
[1] Mo. Const. art. X, §§ 3, 4(a).

[2] U.S. Const. amend. XIV; FCC v. Beach Commc'ns, Inc., 508 U.S. 307, 313 (1993).