

HB 1043 -- INCOME TAX INFLATION ADJUSTMENT

SPONSOR: Curtman

COMMITTEE ACTIONS: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 9 to 2. Voted "Do Pass" by the Select Committee on Financial Institutions and Taxation by a vote of 7 to 3.

Beginning January 1, 2017, this bill requires the Director of the Department of Revenue to annually adjust Missouri taxable income amounts used to determine income tax brackets until each inflation increase in calendar years 1931 to 2016 has been applied to the amounts as specified in the bill.

PROPOSERS: Supporters say that the bill makes an adjustment for 80 years worth of change. Every year starting with 2017, one year will be adjusted an average of 1.5% per year. The first inflation adjustment will be for the 1931 tax. This is a good slow way to adjust the tax brackets. The inflation adjustment to the tax bracket is fair to taxpayers, particularly the 94% of business taxpayers that pay their business taxes on their individual income tax returns.

Testifying for the bill were Representative Curtman; Missouri Retailers Association; Missouri Grocers Association; Associated Industries of Missouri; and Taxpayers Research Institute of Missouri.

OPPONENTS: Those who oppose the bill say that the bill will significantly reduce the state's capacity to invest in public education and other essential services.

Testifying against the bill was Missouri National Education Association.