

HCS SCS SB 814 -- MILITARY INCOME TAX DEDUCTION

SPONSOR: Wallingford (Davis)

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Veterans by a vote of 13 to 0. Voted "Do Pass with HCS" by the Select Committee on Social Services by a vote of 9 to 0.

Beginning with the January 1, 2016 tax year, 100% of the income received by an individual as salary or compensation for being a member of the active duty component of the armed forces and to the extent that the income is included in the federal adjusted gross income, may be deducted from his or her Missouri adjusted gross income to determine his or her taxable income. If the individual files a combined return with a spouse, any active duty income received may be deducted from their Missouri combined adjusted gross income.

PROPOSERS: Supporters say that if a Missouri resident is stationed outside of Missouri, he or she is exempt from paying income tax on his or her income from military service. If a Missouri resident is stationed in Missouri, which is common because many people prefer to be stationed in their home state, he or she must pay income tax on his or her income from military service. Additionally, if a service member's spouse lives in Missouri but the service member is stationed outside of Missouri, the service member's military income will still be subject to Missouri income tax. Under current law, service members stationed in Missouri with a home of record in Missouri are paid less after taxes than service members stationed in Missouri with a home of record outside of Missouri. This causes Missouri residents to receive less income than their counterparts for the same exact work in the same exact place. The legislation could attract service members whose home of record is Missouri and who are stationed at Leavenworth to live in the Kansas City, Missouri suburbs. This could also attract similarly situated service members stationed at Scott Air Force Base to live in Saint Louis, Missouri suburbs. This bill would be a great benefit to anyone currently servicing in the military who wishes to return to living in Missouri.

Testifying for the bill were Senator Wallingford; Erik Anthes; Michael Haffner; and Sean McLafferty.

OPPOSERS: There was no opposition voiced to the committee.