

HCS HB 1522 -- TAXATION

SPONSOR: Shawan

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on General Laws by a vote of 9 to 4.

The following is a summary of the House Committee Substitute for HB 1522.

INDIVIDUAL INCOME TAX

For all tax years beginning on or after January 1, 2022, this bill reduces the top rate of tax by 0.17% (Section 143.011, RSMo). A reduction in the rate of tax may only occur if one of more institutions is subject to the tax imposed on the endowments of the higher education institutions.

HIGHER EDUCATION ENDOWMENT TAX

For all tax years beginning on or after January 1, 2022, this bill imposes a tax on the endowments of qualifying institutions of higher education at a rate of 1.9% of the aggregate fair market value of the assets of such endowments. The tax will apply to the endowments, as defined in the bill, of higher education institutions that:

- 1) Are affiliated with, or provide medical faculty to, any abortion facility;
- 2) Offer specific medical fellowships that offer training in performing or inducing abortions; or
- 3) Support in any manner any abortion facility where abortions are performed or induced when not necessary to save the life of the mother.

All revenues generated by the endowment tax will be deposited into the General Revenue Fund (Section 146.200).

This bill is similar to SCS SB 188 (2019) and SB 574 (2020).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPOSERS: Supporters say that they want to stop the senselessness of abortions. Proponents believe that Missouri should track what is being done with fetal tissues.

Testifying for the bill were Representative Shawan; Concerned Women for America of Missouri; Casilda (Chris) Struckhoff; Don Hinkle, Missouri Baptist Convention; James Coyne; Jannique Stewart; John W. Struckhoff; Kate Stratton; Lisa Pannett; Louis Holtmann; Campaign Life Missouri; Sophia Shore; and Missouri Right to Life.

OPPONENTS: Those who oppose the bill say that this bill will cause endowments to higher institutions to be taxed. Levying a tax on the endowment assets of a non-profit organization is unprecedented will alter the mutually beneficial relationship between the State and its charitable organizations. Opponents also stated that a tax on the endowment is a tax on students and groundbreaking research.

Testifying against the bill were St. Louis Regional Chamber; Washington University; Missouri Biotechnology Association; and Independent Colleges and Universities of Missouri.