

April 9, 2018

In order to be responsive to the latest legislative developments, MOCPA continually monitors proposed legislation. The society utilizes both professional and grassroots lobbyists to ensure the CPA profession has a voice in Jefferson City. By keeping members informed, MOCPA is empowering you to contribute to the legislative process.

Update provided by Chuck Pierce, CPA, MOCPA government relations consultant

Session Update

Tax reform took another step forward in the Missouri Legislature last week. Currently, there are two large tax reform bills—one in each chamber. Last week, the House moved its version one step closer to passage.

The House version of tax reform is [HB 2540](#). This is a voluminous bill that came out of committee at close to 400 pages. Last week, the House took the bill up on the floor. While the Senate only debated its similarly sized bill, [SB 617](#), for approximately 30 minutes a few weeks ago, the House spent almost all afternoon Wednesday debating its bill, before perfecting it on a voice vote. All that debate and attention increased the bill's size and complexity by adding a dozen amendments to it.

Both bills are in the same position in their respective chambers. Because they were amended on the floor, each bill goes to the fiscal review committee in its chamber. A new fiscal note will be calculated. If the impact is too large, the fiscal review committee can refuse to vote the bill out of committee. So even though it has passed the chamber, it can be killed due to its fiscal impact. Assuming the bills survive the fiscal review process, each requires one more roll call vote to advance. It is possible that will happen for the House bill this week, and the Senate version next week.

Voice votes are difficult to judge accurately. People who heard the votes agree they sounded close. How the actual roll call votes go will be impacted by many factors. While tax reform has a long way to go to make it to the finish line, it took a big step forward last week. We now have a major tax reform bill one vote away from passage in each chamber.

There are several substantial differences between **HB 2540** and **SB 617**. The two versions differ most dramatically on the method used to increase transportation funding. The Senate favors increasing motor fuel taxes. The House, on the other hand, favors increasing vehicle registration fees. The House version also addresses some issues such as circuit breaker and alternative funding for home health services that are not directly related to the tax code.

On the areas that are most important to Missouri CPAs, the bills are very similar. Both versions include:

- Reduction of the individual income tax rate;
- Reduction of the corporate tax rate;

- A non-refundable state earned income tax credit equal to 20 percent of the federal credit;
- Adoption of Streamlined Sales Tax agreement;
- Phase out of the deduction of federal taxes for both individual and corporate returns; and
- Elimination of all but the single sales factor for multi-state tax allocation.

The fact that both bills contains these provisions means they are likely to be in a final bill if one passes. While these areas are some of the most important aspects to CPAs and businesses, they are receiving the least amount of debate. Therefore, the risk of errors or unintended consequences in these areas are high. If your business or clients are impacted by the adoption of any of these components, it is worth your time to review the details of the legislation.

Both bills must advance to the other chamber before they can become law. Therefore, there is still time to amend the bills for technical flaws if they are discovered. That window is not closed but is closing.

This week, the House special committee investigating Governor Greitens is expected to release its report. The committee has held all of its hearings in closed sessions. The committee members have been very tight lipped about their work, and there have been no leaks. While there are many rumors, none have been substantiated. Regardless of the report's content, look for its release to have an impact on the flow of legislation this week.

Legislation of Interest

To view the complete list of high-priority bills MOCPA is currently tracking, along with their most recent activity and current status, [click here](#). The following bill had significant activity this week:

[HB 1288](#), extending the sunset for the Champion for Children Tax Credit and modifying provisions of a tax credit for donations to maternity homes, was reported do pass by the Senate Economic Development Committee.

For Additional Information

This *Government Advocacy Update* will continue weekly through the legislative session. If you have any questions on MOCPA's government advocacy efforts, please visit the [Web page](#), or contact [Dena Hull](#) at (800) 264-7966, ext. 105.

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