

SS#2 HCS HBs 594 & 508 -- TAXATION

LAW ENFORCEMENT SALES TAXES (Sections 67.547 and 67.582, RSMo)

Current law limits the aggregate amount of sales tax levied by a county pursuant to the County Sales Tax Act to 1%. This bill increases such limit to 1.5% for Ozark County, provided that any tax in excess of 1% is levied for the purpose of providing law enforcement services. Any sales tax levy approved during the November 8, 2022, general election will be deemed to be in compliance with State law if the aggregate amount of sales tax levied pursuant to the County Sales Tax Act is not in excess of 1.5%.

Current law authorizes certain counties to levy a sales tax for the purpose of providing law enforcement services to such county, with the rate not to exceed 0.5%. This act authorizes such levy not to exceed 1%.

These provisions are the same as SB 547 (2025)

TRANSIENT GUEST TAXES (Sections 67.1366 and 67.1367)

Currently, certain counties can impose a tax on all sleeping rooms paid by the transient guests of hotels and motels, bed and breakfast inns, and campgrounds of up to 6%, per occupied room per night, for the purpose of funding the promotion, operation and development of tourism, subject to voter approval. This bill authorizes the tax proceeds to be used for the operating costs of a community center.

Under this bill, the counties of Ste. Genevieve and Perry are added to the list of counties under current law that can impose a tax on the charges for all sleeping rooms paid by the transient guests for bed and breakfast inns, or campground cabins. This is in addition to current law that authorizes the imposition of the transient tax on hotels and motels. The maximum tax that can be imposed is 6% per occupied room or cabin per night, which is subject to voter approval. This bill adds bed and breakfast inns and campground cabins to the current definition of "transient guests". In addition, any county that imposed a tax on the charges for all sleeping rooms paid by the transient guests of hotels and motels before August 28, 2025, can impose the tax on the charges for all sleeping rooms or cabins paid by the transient guests of bed and breakfast inns and campgrounds without requiring a separate vote that authorizes the imposition of such tax upon charges for bed and breakfast inns and campgrounds.

PUBLIC SAFETY SALES TAXES (Section 94.900)

This bill adds the village of Sunrise Beach and the cities of Hannibal, Moberly, Sikeston, Nevada, and Joplin to the list of cities authorized to enact, upon voter approval, a sales tax of up to 0.5% on all retail sales made in the city which are subject to taxation for the purpose of improving public safety, limited to expenditures on equipment, salaries and benefits, and facilities for police, fire, and emergency medical providers.

SENIOR CITIZENS PROPERTY TAX CREDIT (Sections 135.010, 135.025 and 135.030)

Current law authorizes an income tax credit for certain senior citizens and disabled veterans in an amount equal to a portion of such taxpayer's property tax liabilities, with the amount of the credit dependent on the taxpayer's income and property tax liability. This bill modifies the definition of "income" to increase the amount deducted from Missouri adjusted gross income from \$2,000 to \$2,800, or, for claimants who owned and occupied the residence for the entire year, such amount is increased from \$4,000 to \$5,800 for the claimant's spouse residing at the same address, for all calendar years beginning on or after January 1, 2026.

The maximum allowable credit under current law is limited to \$750 in rent constituting property taxes actually paid or \$1,100 in actual property tax paid. For all calendar years beginning on or after January 1, 2026, this bill increases such amounts to \$1,055 and \$1,550, respectively. Beginning January 1, 2027, the property tax credit totals will be annually adjusted for inflation based upon the Consumer Price Index for All Urban Consumers for the Midwest Region, as defined and officially recorded by the United States Department of Labor.

Additionally, current law limits the tax credit to qualifying taxpayers with a maximum upper limit of income of \$27,500 or less, or \$30,000 in the case of a homestead owned and occupied by a claimant for the entire year. For all calendar years beginning on or after January 1, 2026, this bill increases such maximum upper limit of income to:

- (1) \$38,200 for claimants with a filing status of single;
- (2) \$42,200 for claimants with a filing status of single and who owned and occupied a homestead for the entire year;
- (3) \$41,000 for claimants with a filing status of married filing combined; and
- (4) \$48,000 for claimants with a filing status of married filing combined and who owned and occupied a homestead for the entire year.

Beginning January 1, 2027, the amounts must be annually adjusted for inflation based upon the Consumer Price Index for All Urban Consumers, as defined, and officially recoded by the United States Department of Labor or its successor.

The Director of the Missouri Department of Revenue is authorized to prepare a table of credits applicable to calendar years beginning on or after January 1, 2026, if the income on a return is equal to or less than the maximum upper limit for the calendar year for which the return is filed, as further explained in the bill.

These provisions are the same as SCS SBs 101 & 64 (2025)

EMERGENCY SERVICES SALES TAXES (Sections 137.1050, 321.552, 321.554 and 321.556)

Current law authorizes ambulance and fire protection districts in certain counties to impose a sales tax at a rate of up to 0.5%. An ambulance district or fire protection district imposing a sales tax authorized by this section must reduce any property tax levy imposed by the district or political subdivision for the purposes of providing ambulance and fire protection services such that the revenue generated by the property tax levy is offset in an amount equal to 50% of the amount of revenue generated by the sales tax imposed under this bill.

This bill increases the amount of sales tax that can be imposed to 1.0% and repeals a prohibition on certain counties imposing such tax.

Current law authorizes counties to provide a homestead property tax credit to certain seniors. This bill ensures that the amount of that credit will not be recalculated due to a reduction in the tax levy resulting from the sale tax described above.

This bill is similar to SB 33 (2025).

INCOME TAX DEDUCTION FOR CAPITAL GAINS (Section 143.121)

For all tax years beginning on or after January 1, 2025, a taxpayer can deduct 100% of all income reported as a capital gain for Federal income tax purposes by an individual subject to individual income tax.

For all tax years beginning on January 1 of the tax year immediately following the tax year in which the top rate of income tax is equal to or less than 4.5%, this bill authorizes an income tax deduction for one hundred percent of all income reported as a

capital gain for Federal income tax purposes by entities subject to corporate income tax.

This provision is similar to SB 46 (2025).

HYGIENE PRODUCTS SALES TAX EXEMPTION (Section 144.029)

This bill authorizes a State sales tax exemption for retail sales of diapers, feminine hygiene products, and incontinence products, as defined in the bill.

This bill is similar to HB 2187 (2024) and to a provision in SCS SB 95 (2025).

BROADBAND SALES TAX EXEMPTION (Section 144.812)

For all tax years beginning on or after January 1, 2026, this bill authorizes a State and local sales tax exemption for machinery and equipment used to provide broadband communications service, by a broadband communications service provider, as such terms are defined in the bill. Further, the bill sets out the exemptions that apply under other provisions of the law.

Under the bill, the broadband communications service provider is required to give a written certificate to the seller indicating that an exemption applies to the machinery and equipment used to provide broadband communications service that is purchased or used.

The broadband communications service provider, as permitted by the Director of the Department of Revenue, can enter into a direct pay agreement with the Department that allows the provider to make sales and use taxes payments on the equipment, directly to the Department.

The bill specifies that the adoption of this provision does not give rise to any inference, implication, or presumption of legislative construction with respect to certain subdivisions under subsection 2 of section 144.030, which section governs the exemptions from State and local sales and use taxes; or to the application of certain case law mentioned in the bill.

This provision is the same as in SB 184 (2025) and is similar to HB 2168 (2024).