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Whether Missouri individuals and businesses get the first state income tax cut in 90 years is up to Gov. Jay Nixon.

On a vote of 103-51, the House passed and sent to the governor Thursday a bill that could reduce state tax collections by more than \$700 million a year when fully implemented in 10 years.

Supporters said the bill would put more money in people's pockets and help Missouri compete with neighboring states such as Kansas and Oklahoma, which have reduced their income taxes.

"This isn't a tax cut for the rich," said Rep. Caleb Rowden, R-Columbia. "It's really a tax cut for every working Missourian who gets a paycheck."

A different picture was painted by opponents. They said Missouri already underfunds education by hundreds of millions of dollars and the bill will exacerbate the budget crunch and force deep cutbacks.

Rep. Jon Carpenter, D-Kansas City, said he doubted anyone would move to Missouri to get a personal income tax break of one-half of a percentage point, as the bill provides.

"We don't get much benefit and we've got a lot of cost," Carpenter said. "I just think we ought to be responsible."

Nixon has not stated a position on the bill, saying only that he will evaluate its impact on vital services.

The centerpiece of the bill is a 50 percent tax cut, phased in over five years, for

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could be more than \$817 million.

Supporters, however, noted that state revenue would still grow — just not as much as if taxes weren't cut. A trigger in the bill makes each increment of the tax cut dependent on annual revenue growth of at least \$100 million.

“Other legislatures of the future will be able to come back and adjust if they need to,” said the bill's sponsor, Rep. T. J. Berry, R-Kearney. “But the triggers in this mean there will be an increase in revenue guaranteed.”

A one-time state revenue boost could come from a three-month amnesty period this fall, when tax scofflaws could pay up without owing interest and penalties.

Missouri also would move to tax online sales if Congress passes the Streamlined Sales Tax Act. In that case, additional income tax cuts would kick in.

If Nixon, a Democrat, vetoes the bill, the Republican-led Legislature could try to override it during the veto session in September. However, Thursday's House vote approving the bill fell six votes short of the two-thirds majority that would be needed to enact the bill over a veto.

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State and Local Taxes

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