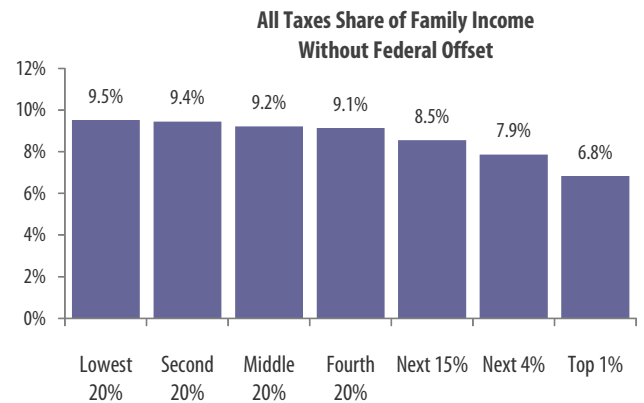
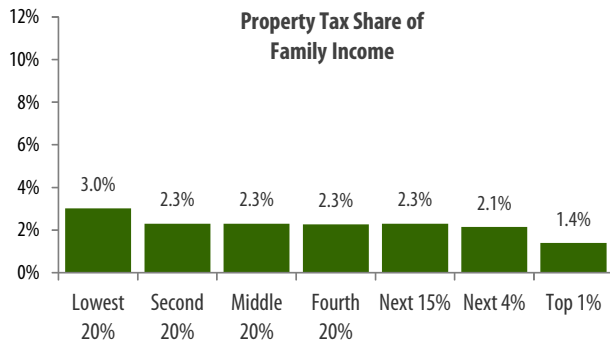
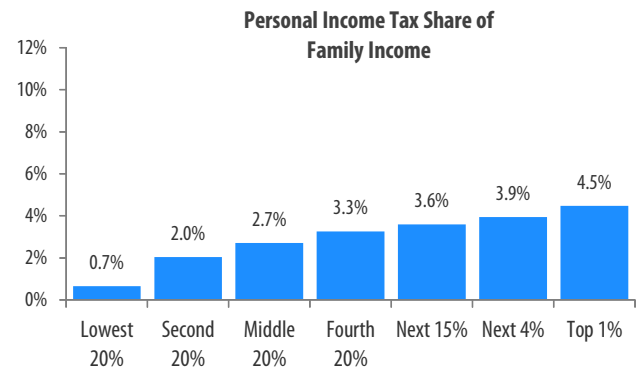
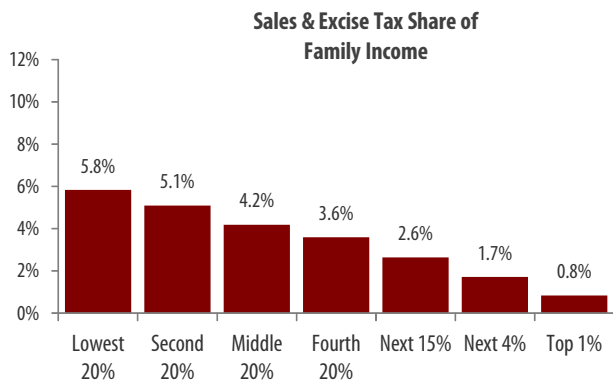
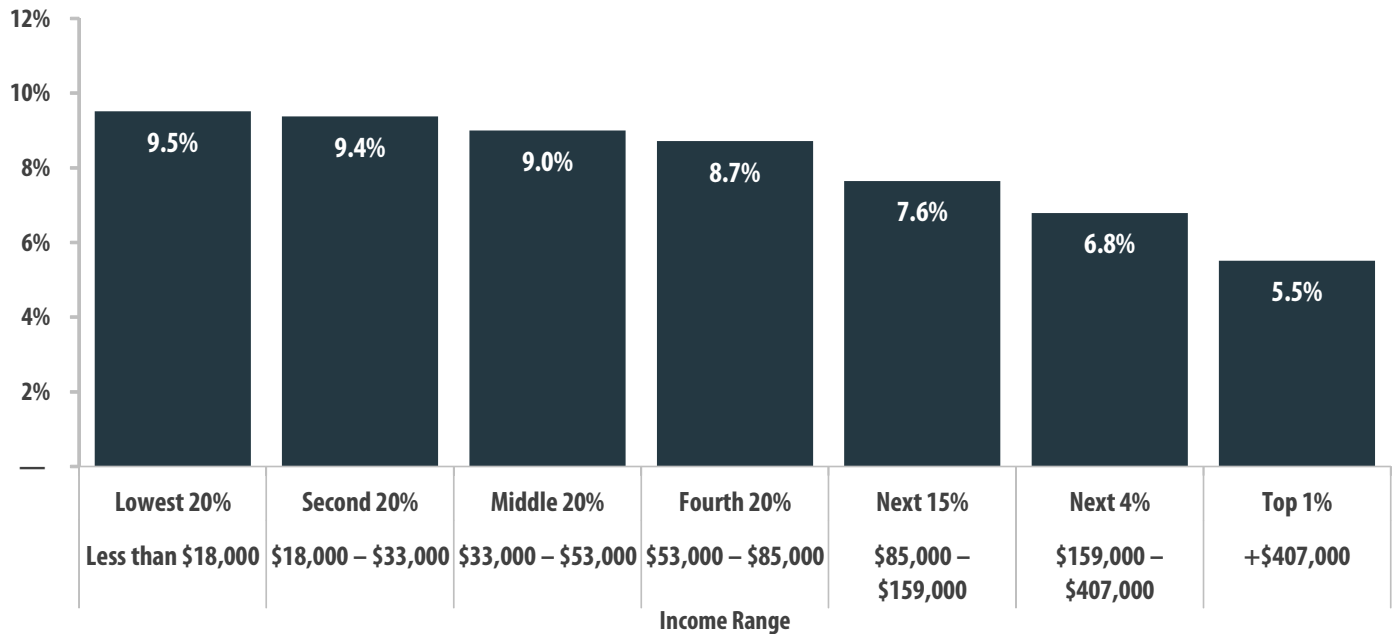


# Missouri State & Local Taxes in 2015

## Shares of family income for non-elderly taxpayers



Note: Figures show permanent law in Missouri enacted through December 31, 2014 at 2012 income levels. Top figure represents total state and local taxes as a share of income, post- federal offset. Figures in Appendix D show the fully phased in impact of 2014 Legislation (SB 509) which includes two personal income tax cuts dependent on meeting revenue growth targets: a reduction in the top income rate from 6 to 5.5 percent and a 25 percent exclusion for business income.

# Missouri State & Local Taxes in 2015

## Details, Tax Code Features, & Tax Code Changes Enacted in 2013 & 2014

| Income Group                          | Lowest 20%         | Second 20%          | Middle 20%          | Fourth 20%          | Top 20%              |                       |                   |
|---------------------------------------|--------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|-------------------|
|                                       |                    |                     |                     |                     | Next 15%             | Next 4%               | TOP 1%            |
| Income                                | Less than \$18,000 | \$18,000 – \$33,000 | \$33,000 – \$53,000 | \$53,000 – \$85,000 | \$85,000 – \$159,000 | \$159,000 – \$407,000 | \$407,000 or more |
| Average Income in Group               | \$10,800           | \$25,600            | \$42,300            | \$67,400            | \$110,600            | \$229,200             | \$1,088,200       |
| <b>Sales &amp; Excise Taxes</b>       | <b>5.8%</b>        | <b>5.1%</b>         | <b>4.2%</b>         | <b>3.6%</b>         | <b>2.6%</b>          | <b>1.7%</b>           | <b>0.8%</b>       |
| General Sales—Individuals             | 3.6%               | 3.2%                | 2.8%                | 2.4%                | 1.8%                 | 1.2%                  | 0.6%              |
| Other Sales & Excise—Ind.             | 0.6%               | 0.5%                | 0.3%                | 0.3%                | 0.2%                 | 0.1%                  | 0.0%              |
| Sales & Excise on Business            | 1.6%               | 1.4%                | 1.1%                | 0.9%                | 0.7%                 | 0.4%                  | 0.2%              |
| <b>Property Taxes</b>                 | <b>3.0%</b>        | <b>2.3%</b>         | <b>2.3%</b>         | <b>2.3%</b>         | <b>2.3%</b>          | <b>2.1%</b>           | <b>1.4%</b>       |
| Property Taxes on Families            | 3.0%               | 2.2%                | 2.2%                | 2.2%                | 2.2%                 | 1.8%                  | 0.7%              |
| Other Property Taxes                  | 0.1%               | 0.1%                | 0.1%                | 0.1%                | 0.1%                 | 0.3%                  | 0.7%              |
| <b>Income Taxes</b>                   | <b>0.7%</b>        | <b>2.1%</b>         | <b>2.7%</b>         | <b>3.3%</b>         | <b>3.6%</b>          | <b>4.0%</b>           | <b>4.6%</b>       |
| Personal Income Tax (State and Local) | 0.7%               | 2.0%                | 2.7%                | 3.3%                | 3.6%                 | 3.9%                  | 4.5%              |
| Corporate Income Tax                  | 0.0%               | 0.0%                | 0.0%                | 0.0%                | 0.0%                 | 0.0%                  | 0.1%              |
| <b>Total Taxes</b>                    | <b>9.5%</b>        | <b>9.4%</b>         | <b>9.2%</b>         | <b>9.1%</b>         | <b>8.5%</b>          | <b>7.9%</b>           | <b>6.8%</b>       |
| <b>Federal Deduction Offset</b>       | <b>-0.0%</b>       | <b>-0.1%</b>        | <b>-0.2%</b>        | <b>-0.4%</b>        | <b>-0.9%</b>         | <b>-1.1%</b>          | <b>-1.3%</b>      |
| <b>OVERALL TOTAL</b>                  | <b>9.5%</b>        | <b>9.4%</b>         | <b>9.0%</b>         | <b>8.7%</b>         | <b>7.6%</b>          | <b>6.8%</b>           | <b>5.5%</b>       |

Note: Table shows detailed breakout of data on previous page.

## Missouri Tax Code Features

### Progressive Features

- Graduated personal income tax structure

### Regressive Features

- Provides an income tax deduction for federal income taxes paid
- State sales tax base includes groceries, though taxed at a lower rate
- Local sales tax bases include groceries
- Fails to provide non-elderly taxpayers with refundable income tax credits to offset sales, excise, and property taxes
- Fails to use combined reporting as part of its corporate income tax

## Tax Changes Enacted in 2013 & 2014

- Reduced top personal income tax rate from 6 to 5.5 percent and created new 25 percent exemption for pass- thru business income starting in 2017 dependent on revenue growth (these changes are modeled in an alternative MO analysis found in App. D)
- Personal exemption increased for low-income taxpayers

## ITEP Tax Inequality Index

According to ITEP's Tax Inequality Index, Missouri has the **30th** most unfair state and local tax system in the country. States with regressive tax structures have negative tax inequality indexes, meaning that incomes are less equal in those states after state and local taxes than before (See Appendix B for state-by-state rankings and more details).