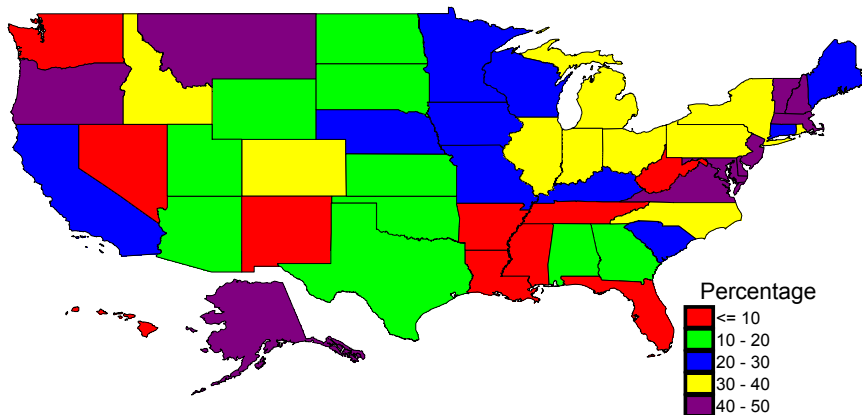


Missouri's Sales, Personal Income and Corporate Income Taxes

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2000 Sales and Gross Receipts Taxes as a percentage of income



Sales & gross receipts taxes, 2000	Tax as a Percentage of Personal Income
United States Average	3.58%
Median	3.51%-3.61% Connecticut and California
Maximum	6.23% Hawaii
Minimum	0.96% Oregon
Missouri Average and Rank	3.78% 21
Missouri Average and Rank, 1997	3.9% 21

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State rank on state and local sales taxes as a % of income

State	Rank	State rate (1998)	Local option
Arkansas	7	5.125	Co., city
Kansas	19	4.9	Co., city
Illinois	35	6.25	Co., city, other
Indiana	39	6	None
Iowa	30	5	Co.
Missouri	21	4.225	Co., city, other
Nebraska	28	5	Co., city
Oklahoma	20	4.5	Co., city
Tennessee	9	6 (recently 8)	Co., city

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What is subject to sales tax?

- Sale at retail of all tangible personal property
- Some retail services: admission tickets, lodging, electricity, telecommunications
- Food not subject to state general sales tax, but subject to other state sales taxes and local sales taxes

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State Sales Tax

- 4.225% Total state sales tax rate
 - 3% General revenue
 - 1% Proposition C—education
 - .125% Conservation
 - .1% Parks, soil & water conservation

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Local Sales Taxes

- Currently lists 46 sales taxes for local governments in the state
- Some available only for specific cities or counties
- Others available to all cities and counties
- Some available to special districts—new but growing in importance

Why is sales tax so popular?

- Paid in small amounts rather than a large chunk like property or income tax so not as noticeable to consumer
- Some of the tax falls on people outside the community
- For the local government, revenues flow throughout the year

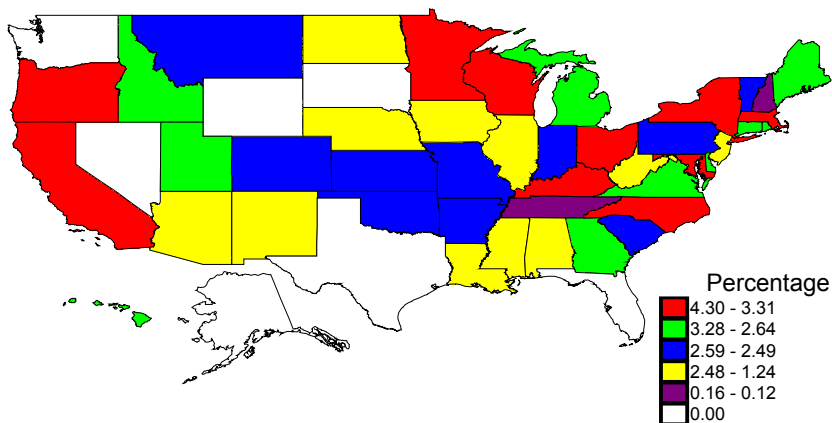
Regressive tax system:

Sales Tax

- Lower income families spend a higher percentage of income on basic retail, which is taxed, than do higher income families, who spend on services that are not taxed
- Without food exemption, the sales tax would be more regressive

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2000 Personal Income Taxes as a percentage of income



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Individual income taxes, 2000	Tax as a Percentage of Personal Income
United States Average	2.52%
Median	2.52-2.54 Kansas and Pennsylvania
Maximum	4.30% New York
Minimum	0.00% 7 states
Missouri Average and Rank	2.5% 28

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State rank on state and local personal income taxes as percentage of income	
Arkansas	29
Kansas	26
Illinois	37
Indiana	21
Iowa	31
Missouri	28
Nebraska	32
Oklahoma	23
Tennessee	43

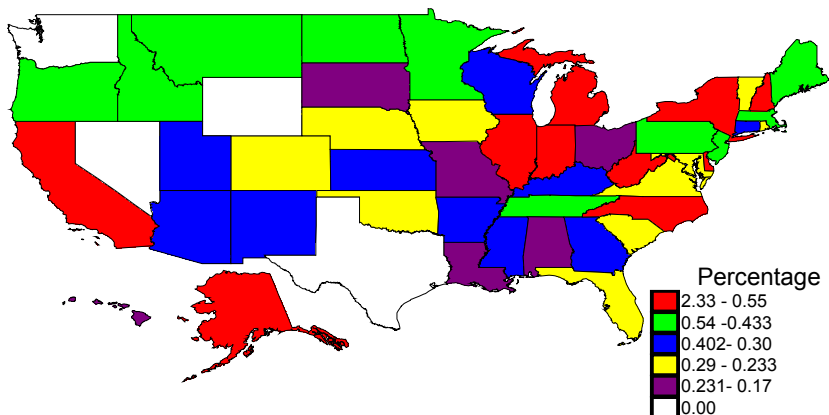
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Regressive state and local tax system

- The income tax is the only slightly progressive tax in the state
- Deduction for federal income tax paid makes it less progressive
- Without income tax the state and local tax system would be even more regressive

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Corporate Income Taxes as a percentage of income



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Corporate income taxes, 2000	Tax as a % of Personal Income
United States Average	0.43%
Median	0.37%-0.38% Kansas and Wisconsin
Maximum	2.33% Alaska
Minimum	0.00% 4 states
Missouri Average and Rank	0.17 % 46

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State rank on state and local corporate income taxes as percentage of income

Arkansas	21
Kansas	26
Illinois	7
Indiana	8
Iowa	32
Missouri	46
Nebraska	31
Oklahoma	39
Tennessee	19

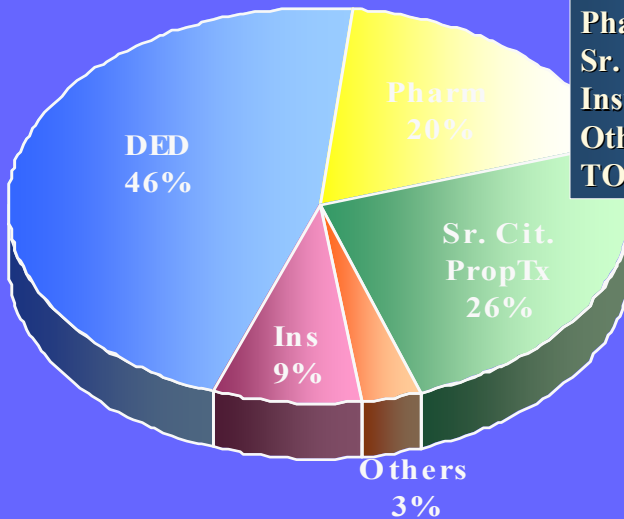
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Special tax code provisions

- Corporate tax credits administered through DED, redeemed in FY 2002: \$161 million
- There are others not administered by DED

Source: DED

FY02 Actual Tax Credits Redeemed By Type/Agency



DED:	\$ 161 mil.
Pharmacy:	\$ 64
Sr. Cit. Prop Tx	\$ 86
Insurance:	\$ 27
Others:	\$ 11
TOTAL	\$ 348 mil.

Source: DED