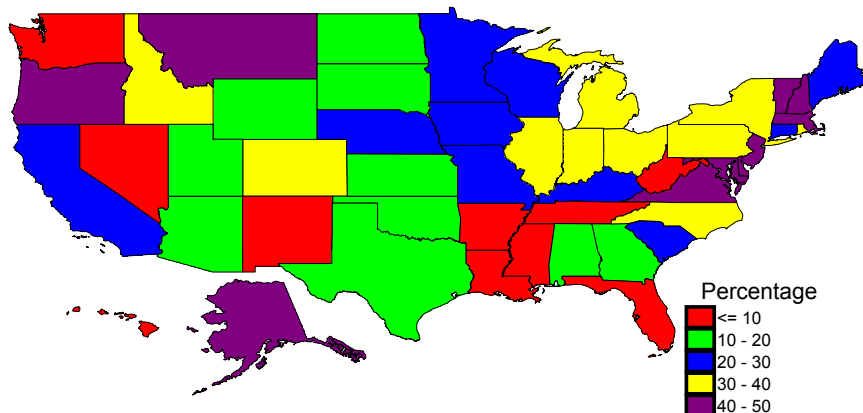


# Missouri's Sales, Personal Income and Corporate Income Taxes

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## 2000 Sales and Gross Receipts Taxes as a percentage of income



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

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

<b>State</b>	<b>Rank</b>	<b>State rate (1998)</b>	<b>Local option</b>
Arkansas	7	5.125	Co., city
Kansas	19	4.9	Co., city
Illinois	35	6.25	Co., city, other
Indiana	39	6	<b>None</b>
Iowa	30	5	Co.
<b>Missouri</b>	<b>21</b>	<b>4.225</b>	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

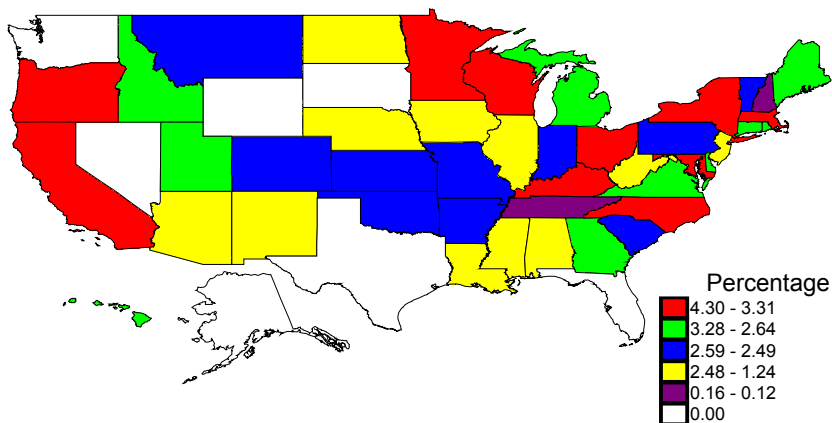
# Regressive tax system:

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

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

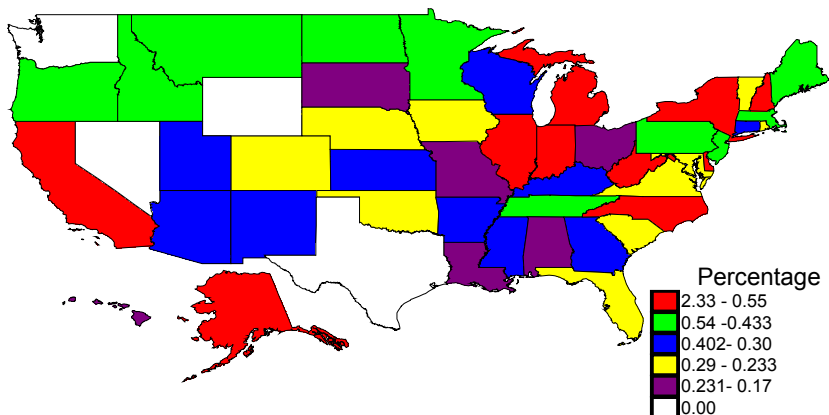
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## Regressive state and local tax system

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

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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
<b>Missouri</b>	<b>46</b>
Nebraska	31
Oklahoma	39
Tennessee	19

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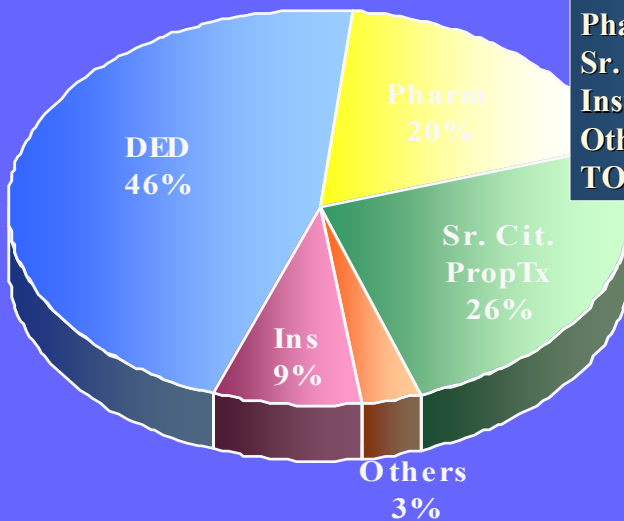


## Special tax code provisions

- 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