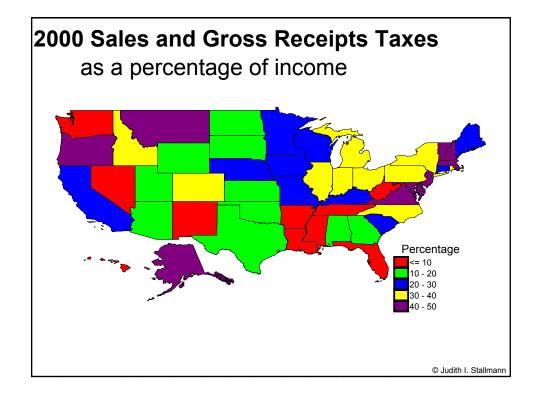
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Missouri's Sales, Personal Income and Corporate Income Taxes

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Suggested Citation:

Stallmann, J. I. (October 24, 2003). Missouri's sales, personal income and corporate income taxes. Presented at the Missouri Community Development Society, Professional Development Series. Retrieved [Month, Day, Year], from University of Missouri System, Missouri Legislative Academy Web site: http://www.truman.missouri.edu/ipp/mla/publications/publications.htm



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

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	
lowa	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	

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

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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

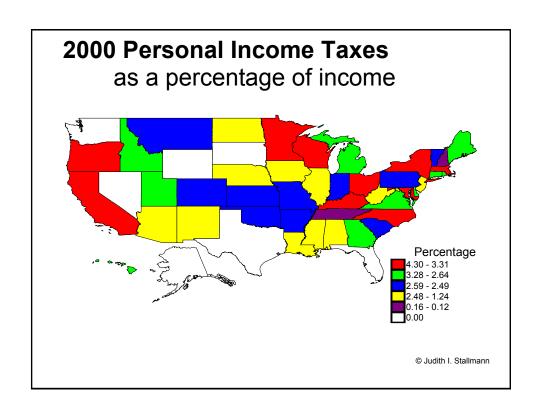
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Regressive tax system:

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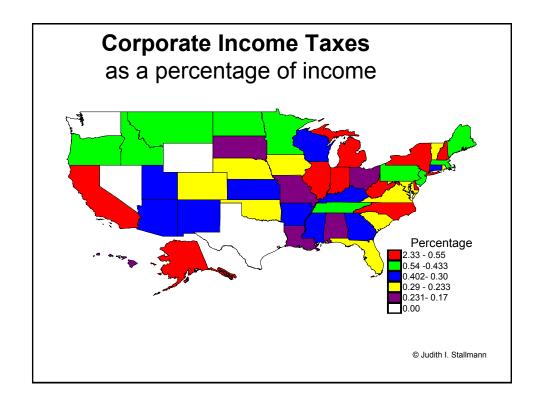
Individual income taxes, 2000	Tax as a Percentage of Personal Income
United States Average	2.52%
Median	2.52-2.54 Kansas and Pennsylvania
Maximum	4.30% New York
Minimum	0.00% 7 states
Missouri Average and Rank	2.5% 28

	entage of incon	
Arkansas	29	
Kansas	26	
Illinois	37	
Indiana	21	
Iowa	31	
Missouri	28	
Nebraska	32	
Oklahoma	23	
Tennessee	43	

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, 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

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

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

