



Shaping Policy...
Creating Opportunities

*For more information contact:
Amy Blouin, Executive Director: 314-518-8867
Heather Lasher Todd, Communications Director: 314-348-1742*

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MISSOURI IS ONE OF FEW STATES THAT TAXES FAMILIES LIVING BELOW THE POVERTY LEVEL, NEW REPORT SHOWS

St. Louis, MO - Poor families in Missouri continue to face substantial state income tax liability, according to a new report released today by the Center on Budget and Policy Priorities. Single working parents with two children, earning \$14,000 or more in Missouri, must pay income tax. The poverty line for this type of family is \$17,165. A married couple with two children pays income tax if the household salary is \$17,600 or more, well below the poverty level of \$22,017 annually.

Missouri's Income Tax brackets were established in 1931 and have not been adjusted since. As a result, all Missourians who earn at least \$9,000 of adjusted gross income per year are taxed at the same rate of 6 percent, no matter how high or low their income is.

"A single mother of two earning \$14,000 a year is taxed at the same rate as someone making \$1 million a year. That just doesn't make sense," said Amy Blouin, executive director of the Missouri Budget Project. "We should modernize our tax structure to help working families struggling to escape poverty become economically successful, not tax them deeper into poverty."

A majority of states and the federal government do not tax families living in poverty. Fourteen states not only avoid taxing poor families, but also offer tax credits that provide refunds to families with incomes at the poverty line. These credits offset additional state taxes, including the general revenue sales tax. This helps support families' work efforts and reduces poverty.

"The number of Missourians living in poverty reached 780,000 individuals in 2008," said Amy Blouin, Executive Director of the Missouri Budget Project. "These families deserve state public policies that provide support to help them become economically successful."

Missouri lawmakers can work to reduce or eliminate income taxes on low-income families by implementing measures such as a state Earned Income Tax Credit (EITC). This would provide a substantial income supplement to families struggling to escape poverty, and is relatively inexpensive to our state, since these families have little income to tax.

To read the full report from the Washington, D.C.-based Center on Budget & Policy Priorities, please visit: <http://www.cbpp.org/cms/index.cfm?fa=view&id=2976>.

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