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Poorest Missourians Pay Nearly Twice the Effective Tax Rate That Wealthiest Pay in State and Local Taxes; Middle-Income Families Also Pay More

Like most state tax systems, Missouri takes a much larger share from middle- and low-income families than from wealthy families, according to the fourth edition of *“Who Pays? A Distributional Analysis of the Tax Systems in All 50 States,”* released today by the Washington-based Institute on Taxation and Economic Policy (ITEP). Combining all of the state and local income, property, sales and excise taxes Missourians pay, the average overall effective tax rates by income group are 9.6 percent for the bottom 20 percent, 9 percent for the middle 20 percent, and 5.4 percent for the top one percent. Nationally, those figures are 11.1 percent for the bottom 20 percent, 9.4 percent for the middle 20 percent and 5.6 percent for the top one percent.

“Low- and middle-income Missourians already pay a higher share of their income in taxes than the wealthy. Proposed tax cuts being debated in the legislature would further the inequity of who pays to maintain local schools and other services, and undermine our state’s ability to invest in long-term economic growth,” said Amy Blouin, Executive Director of the Missouri Budget Project.

“We know that governors nationwide are promising to cut or eliminate taxes, but the question is who’s going to pay for it,” said Matthew Gardner, Executive Director of ITEP and an author of the study. “There’s a good chance it’s low- and middle-income workers who spend so much on necessities that they pay an effective tax rate of 10 or more percent, due largely to sales and property taxes. In too many states, these are the people being asked to make up the revenues lost to income tax cuts that overwhelmingly benefit the wealthiest taxpayers.”

“Bills proposed thus far in this legislative session make our outdated, unfair and inadequate tax system even worse,” said Jeanette Mott Oxford, Executive Director of the Missouri Association for Social Welfare. “Tax reforms must not be on the backs of low- and middle-income Missourians nor reduce our already inadequate state budget.”

The data in *Who Pays?* also demonstrate that states commended as “low tax” are often high tax states for low- and middle- income families. The ten states with the highest taxes on the poor are Arizona, Arkansas, Florida, Hawaii, Illinois, Indiana, Pennsylvania, Rhode Island, Texas, and Washington. “When you hear people brag about their low tax state, you have to ask them, low tax for who?,” said Gardner.

The fourth edition of *Who Pays?* measures the state and local taxes paid by different income groups in 2013 (at 2010 income levels including the impact of tax changes enacted through January 2, 2013) as shares of income for every state and the District of Columbia. The report is available online at www.whopays.org.

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The Missouri Budget Project works to improve the quality of life for all Missourians by informing public policy decisions through objective research and analysis of state budget, tax and economic issues. www.mobudget.org

MASW, founded in 1901, provides leadership, research, education, and advocacy to improve public policy and programs impacting the health and welfare of all Missourians. MASW played major roles in the initiation of the Missouri Commission on Human Rights, the reduction of sales tax on food by three cents, development of the Missouri Housing Trust Fund, and lawsuits leading to the creation of the Missouri Foundation for Health and provision of non-emergency transportation to Medicaid clients, plus many other social justice victories.

www.masw.org

The Institute on Taxation and Economic Policy (ITEP) is a 501 (c) (3) non-profit, non-partisan research organization that works on federal, state, and local tax policy issues. ITEP's mission is to ensure that elected officials, the media, and the general public have access to accurate, timely, and straightforward information that allows them to understand the effects of current and proposed tax policies. www.itep.org.