



Shaping Policy...  
Creating Opportunities



CONTACT:

ITEP: Ed Meyers, 202/299-1066 x 21  
MBP: Heather Lasher Todd, 314/348-1742  
MTJ: Jeanette Mott Oxford, 314/775-8940

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## State Taxes Hit Poor & Middle Class Missourians Far Harder than Wealthy, New Report Shows

**St. Louis, MO** - Low- and middle-income families in Missouri pay a far higher share of their income in state and local taxes than the richest families in Missouri, according to a new study by the Institute on Taxation & Economic Policy.

“Missouri lawmakers may be forced to make difficult tax and spending decisions in the upcoming year,” said Matthew Gardner, ITEP’s executive director and lead author of the study, titled *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States*. “They should be mindful that the Missouri tax system already falls most heavily on the very poorest families in the state.”

### Missouri’s Tax Code: The Poor Pay More

When all Missouri taxes are totaled up, the study found that:

- Missouri families earning less than \$17,000 – the poorest fifth of Missouri’s non-elderly taxpayers – pay 9.6 percent of their income in state and local taxes.
- Middle-income Missouri taxpayers – those earning between \$31,000 and \$50,000 – pay 9.5 percent of their income in Missouri state and local taxes.
- But the richest Missouri taxpayers – with average incomes of \$1,170,600 – pay only 6.6 percent of their income in Missouri state and local taxes.

“No one would ever design an income tax with lower tax rates for the best-off taxpayers,” noted Gardner. “But that is exactly what Missouri’s tax system overall does: it allows the very wealthiest individuals to contribute less of their income, on average, than middle- and lower-income families must pay. In other words, Missouri has an unfair, regressive tax system.”

“Missouri’s income tax brackets were established in 1931 and have not been adjusted since,” 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.”

“The number of Missourians living in poverty reached 780,000 individuals in 2008,” Blouin said. “These families deserve state public policies that provide support to help them become economically successful.”

Missouri lawmakers can work to reduce the burden on low-income families through public policy changes such as implementation of a state earned income tax credit (EITC) similar to the federal EITC program or reform of the existing state income tax system.

“The Tax Justice for a Healthy Missouri plan, House Bill 567 in 2009, would create a Missouri tax system that would be more modern, fair, and adequate,” said Rep. Jeanette Mott Oxford (District 59, St. Louis City), chair of Missourians for Tax Justice. “Discussion of this reform is especially important in this time of anticipated budget shortfalls.”

To read the full report visit: <http://www.itepnet.org/whopays3.pdf>

To view Missouri-specific data from the report visit:  
[http://www.itepnet.org/wp2009/mo\\_whopays\\_factsheet.pdf](http://www.itepnet.org/wp2009/mo_whopays_factsheet.pdf)

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*The Mission of the Missouri Budget Project is: To advance public policies that improve economic opportunities for all Missourians – particularly low and middle-income families – by providing reliable and objective research, public education and advocacy. More information is available at [www.mobudget.org](http://www.mobudget.org).*

*Missourians for Tax Justice supports a fair and balanced state tax structure that will produce adequate revenue for needed public services.*