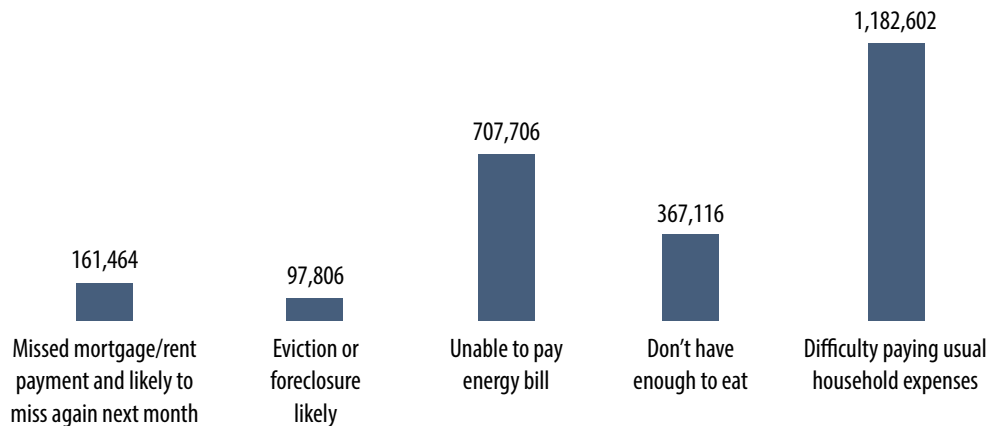


Targeted Sales & Property Tax Rebate Would Help Households Statewide Make Ends Meet

While Missouri’s economic recovery is on the right track, many Missourians are still struggling from the economic fallout of the pandemic. Policymakers can help Missouri families get back on their feet by using a portion of the state’s federal fiscal recovery funds to provide a targeted sales and property tax rebate. **Such a rebate would be easily administered and help nearly 1.2 Missouri households make ends meet as the economy recovers from the COVID-19 pandemic.**

Despite an improving economy, many Missourians still face hardships related to the pandemic, which has triggered unprecedented changes in consumer spending patterns and supply chain disruptions. These changes have driven significant inflation in the cost of food, energy, and housing.ⁱ While evidence suggests that inflation will begin to decelerate by mid-2022 (given a reversion to pre-pandemic spending patterns, combined with planned actions by the Federal Reserve),ⁱⁱ many Missourians are struggling to make ends meet in the meantime.

Over 1 in 4 Missourians Report Difficulty Meeting Usual Household Expenses



A portion of Missouri’s \$2.7 billion in American Rescue Plan federal recovery funds can be used to aid those hit hard by the pandemic and respond to its negative economic effects.

A targeted sales and property tax rebate would:

- ✓ Be easily administered
- ✓ Quickly reach those who need it
- ✓ Help struggling Missourians get back on their feet, strengthening communities

By targeting a rebate to low-and-moderate income households, Missouri can tap into state fiscal relief provided through the American Rescue Plan (ARP).

- States can use fiscal relief provided through the ARP to provide cash assistance to families who were impacted by the economic consequences of COVID.
- Treasury guidance allows blanket eligibility for cash relief to low-and-moderate income people, defined as those making less than 300% of the federal poverty level (FPL), or \$69,090 annually for a family of three.^{iv}

A rebate would quickly reach nearly 1.2 million Missouri households, from families with young children living from paycheck to paycheck to older adults struggling to remain in homes they have owned or rented for decades.

- Such a rebate could be easily administered based on Missouri’s existing income tax structure, using a default household size to approximate eligibility and further simplify administration.
- As not all Missourians are required to file an income tax return, the state can partner with Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) sites to ensure that rebates are distributed to all eligible households.
- Funding to VITA & TCE sites to enhance outreach is an eligible use of ARP funds.

Estimated Cost of a \$500 Sales & Property Tax Rebate Payment to Missouri Households Under 300% of the Federal Poverty Level

			<i>Share of Households Containing:</i>		
Income	Estimated Households	Cost Estimate	Children	Older Adult	Child or Older Adult
Under 185% FPL	710,606	\$355,303,000	33.68%	37.62%	68.67%
186-300% FPL	488,747	\$244,373,500	30.80%	41.72%	69.30%
Total	1,199,353	\$599,676,500	32.50%	39.29%	68.92%

Note: Treasury guidance defines low-income households as having incomes of 185% of the federal poverty level (FPL) or below, and moderate-income is defined as having incomes above 185% FPL and below 300% FPL.

i. Source: U.S. Bureau of Labor Statistics (Feb. 2022) Table 7: Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category, January 2022, 12-month analysis table

ii. Josh Bivens (2022) Inflation and the policy response in 2022. Economic Policy Institute.

iii. Department of the Treasury 31 CFR Part 35 RIN 1505–AC77 Coronavirus State and Local Fiscal Recovery Funds AGENCY: Department of the Treasury. ACTION: Interim final rule. Available at <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

iv. HHS Poverty Guidelines for 2022. Available at <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>