



Economic Recovery Rebates Should Include All Missourians

April 18, 2022

A Missouri House proposal to provide economic recovery payments to Missourians intended to help families meet the rising cost of inflation would **leave out one-third of Missouri taxpayers, including families earning low wages and seniors who rely on Social Security income.**¹

By modifying the structure of this one-time economic recovery payment, lawmakers can greatly simplify administration of the credit and put money back in the hands of all Missourians, including those most impacted by the health and economic consequences of COVID.

House Bill 3021 structures the economic recovery payment as a tax credit applied to income tax and would give single adults a credit of up to \$500 and joint filers a credit of up to \$1,000. However, the credit is limited depending on the income tax liability of the taxpayer. So, if a family’s income tax liability is \$6, they would get \$6; if a family’s income tax liability is \$0, they would get \$0.

This structure leaves behind many of the Missouri taxpayers most struggling afford to gas and to put food on the table, including families earning low wages and seniors with fixed incomes – while giving the largest rebates to Missourians with average incomes of \$332,000 or higher.

While these folks are not likely to have a state income tax liability, they pay significant portions of their income in sales, property and other state and local taxes. In fact, according to the most recent analysis, Missouri families in the bottom quintile of income pay 9.9% of their income in state and local taxes, compared to just 6.2% for the wealthiest 1% of families.²

House Bill 3021 Economic Recovery Payment Impact by Income							
<i>Source: Institute on Taxation and Economic Policy</i>							
2022 Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$22,000	\$22,000 – \$40,000	\$40,000 – \$66,000	\$66,000 – \$110,000	\$110,000 – \$229,000	\$229,000 – \$552,000	\$552,000 and Higher
Average Income in Group	\$13,000	\$30,000	\$52,000	\$86,000	\$152,000	\$332,000	\$1,581,000
Impact of \$500 single / \$1000 joint tax filer rebate - Not refundable							
Average Tax Change	-\$18	-\$169	-\$411	-\$683	-\$892	-\$927	-\$884
% with Income Tax Cut	20%	44%	80%	94%	99%	99%	100%

¹ Institute on Taxation and Economic Policy, Income Quintile Analysis of House Bill 3021, April 14, 2022

² Institute on Taxation and Economic Policy, “Who Pays? 6th Edition”, available at <https://itep.org/whopays-map/>

The Missourians left out of the current version of the economic recovery payment are the very ones that are still struggling to recover from the COVID crisis while facing higher costs for food, gas, and other necessities. **Further, as the costs for the food and gas and other necessities increase, the sales and excise taxes paid on those items have also increased, making it even harder for low-income Missourians to get by.**

By making the economic recovery payment refundable, lawmakers can include all Missourians, greatly simplify administration of the credit, and put money into the hands of the Missourians who need it the most.

A Refundable Economic Recovery Payment Would Reach All Missourians							
Impact by Income							
<i>Source: Institute on Taxation and Economic Policy</i>							
2022 Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$22,000	\$22,000 – \$40,000	\$40,000 – \$66,000	\$66,000 – \$110,000	\$110,000 – \$229,000	\$229,000 – \$552,000	\$552,000 and Higher
Average Income in Group	\$13,000	\$30,000	\$52,000	\$86,000	\$152,000	\$332,000	\$1,581,000
Impact of \$500 single / \$1000 joint tax filer rebate – Refundable							
Average Tax Change	–\$548	–\$600	–\$663	–\$795	–\$907	–\$939	–\$887
% with Income Tax Cut	100%	100%	100%	100%	100%	100%	100%