



2022 MISSOURI TAX LANDSCAPE

2022
MISSOURI
TAX LANDSCAPE
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Introduction

This booklet was produced by the Show-Me Institute to provide an overview of the tax landscape in Missouri. Missouri has numerous state and local taxes used by governments to fund a variety of operations. All taxes play a part in shaping the economy, so a clear understanding of Missouri's taxes can provide some insights into the state of Missouri's economy. All tables and figures contain the latest data as of March 2022.

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Section One

Missouri Economic Overview



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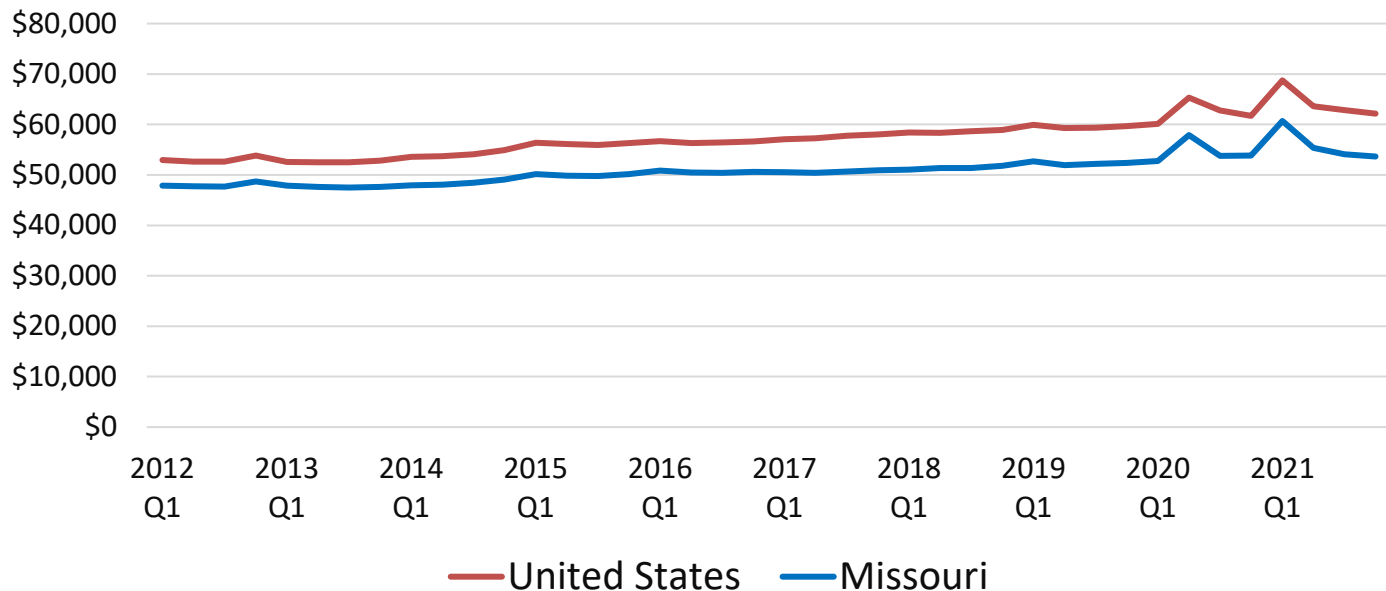


In recent years, Missouri's economy has grown more slowly than those of the surrounding states and that of the nation as a whole. This section presents a broad picture of Missouri's economy, including common economic indicators and details about Missouri's workforce.

Per-Capita Income

Per-capita personal income is the total personal income earned in a region divided by the total population of that region, resulting in the amount of personal income per individual. Although Missouri's per-capita personal income has increased steadily over the last ten years, it remains below the national level and the gap between Missouri and the nation as a whole has increased. In the third quarter of 2021, Missouri's per-capita income was \$54,083, while the national per-capita income was \$62,866.

Missouri and U.S. Per Capita Personal Income



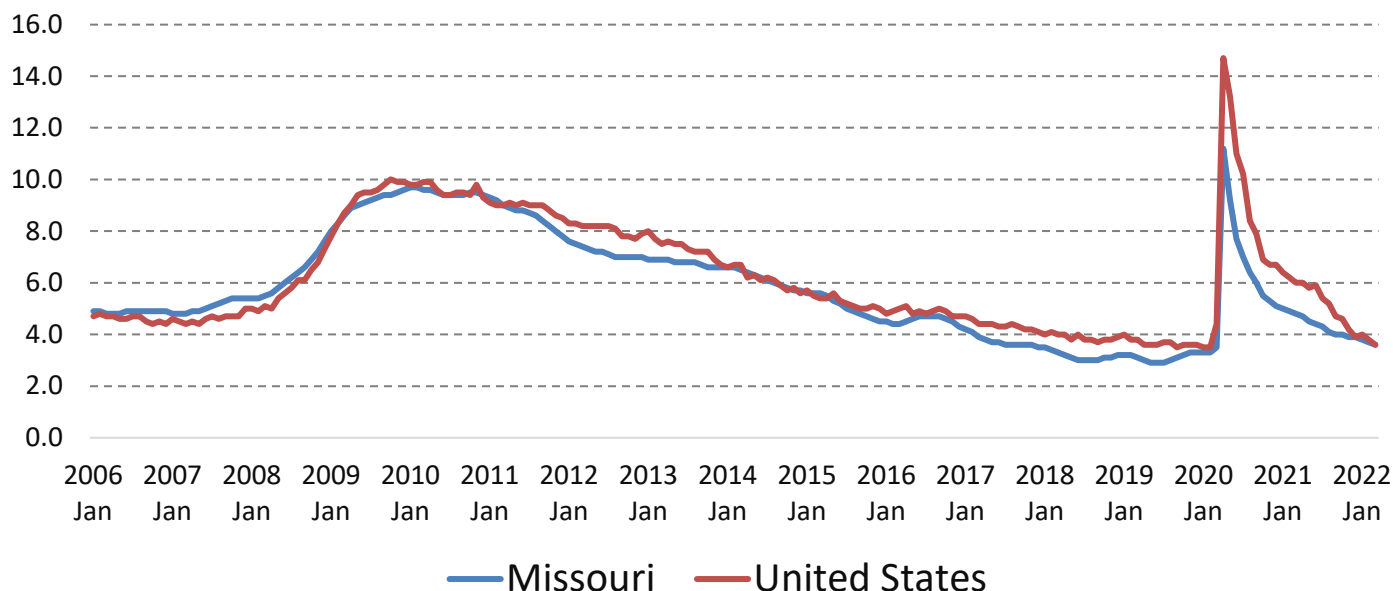
Note: Per-capita personal income is total personal income earned in the region divided by total quarterly population estimates. These numbers are adjusted for inflation to July 2021.

Sources: U.S. Bureau of Economic Analysis, Regional Data, Per Capita Personal Income. <https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=6#reqid=70&step=1&isuri=1>.

Unemployment Rate

Missouri's unemployment rate is the percentage of the Missouri labor force that is jobless. The labor force includes all those who are willing and able to work, so it does not include retired individuals, students, or others who are neither working nor seeking work. During the COVID-19 pandemic, Missouri's unemployment rate spiked to 12.5 percent.

Missouri and National Unemployment Rate, January 2006 to March 2022

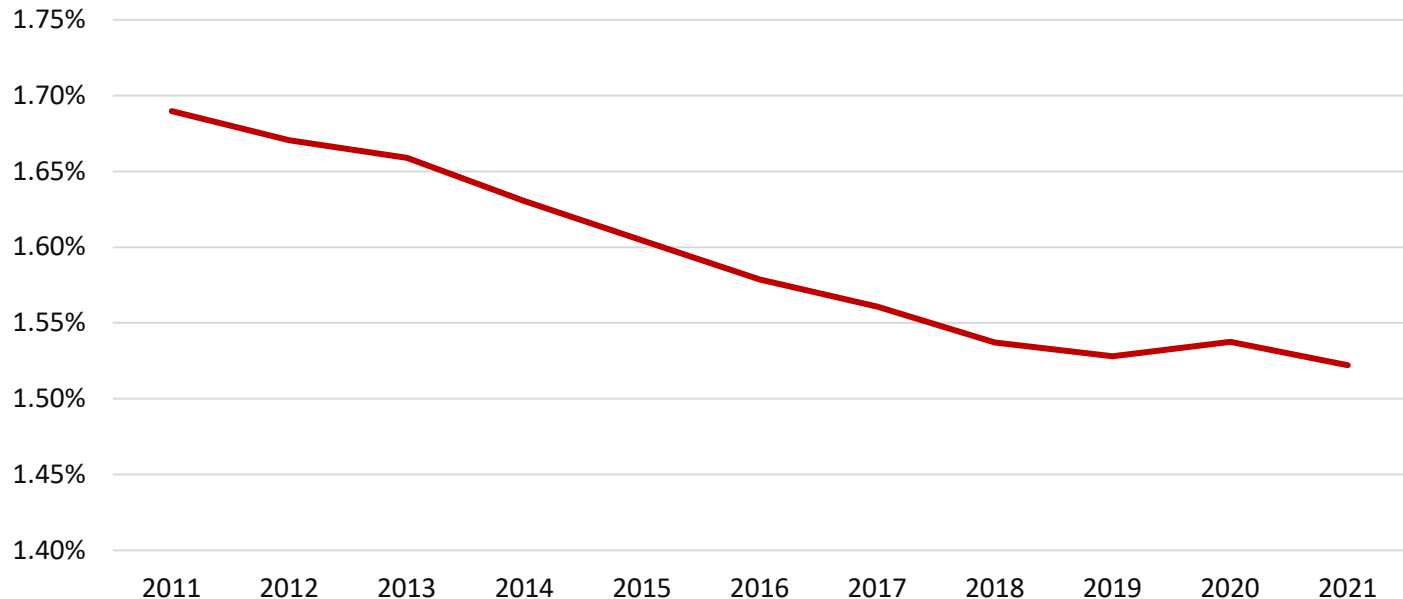


Source: U.S. Bureau of Labor Statistics. Labor Force Statistics from the Current Population Survey. <https://beta.bls.gov/dataViewer/view/timeseries/LASST2900000000000003;jsessionid=A6A2A010826CAC746C138E9C17B71D12>.

Growth Rate

Missouri's share of the national GDP has been decreasing over the last decade, indicating that other states are outpacing our contributions to the national GDP. Missouri's Real GDP Compound Annual Growth Rate has been much lower than those of surrounding states in the last decade.

Missouri's Share of the National GDP



Note: This value is calculated by dividing Missouri's real GDP by the national real GDP. Real GDP values are in millions of chained 2012 dollars, meaning they are adjusted for inflation over time with 2012 as the base year.

Source: Bureau of Economic Analysis. U.S. Department of Commerce. Real GDP by State. <https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>.

Real Gross Domestic Product and Compound Annual Growth Rate, Missouri and Surrounding States: 2011 to 2021

Region	Real GDP 2021 (in millions)	Real GDP Compound Annual Growth Rate, 2011–2021
United States	\$19,427,287.00	2.0
Illinois	\$774,587.80	0.9
Tennessee	\$343,448.40	2.2
Missouri	\$295,726.00	1.0
Oklahoma	\$195,072.70	1.6
Kentucky	\$194,340.00	1.0
Iowa	\$180,266.10	1.7
Kansas	\$162,734.00	1.5
Nebraska	\$123,897.00	1.9
Arkansas	\$120,710.50	1.1

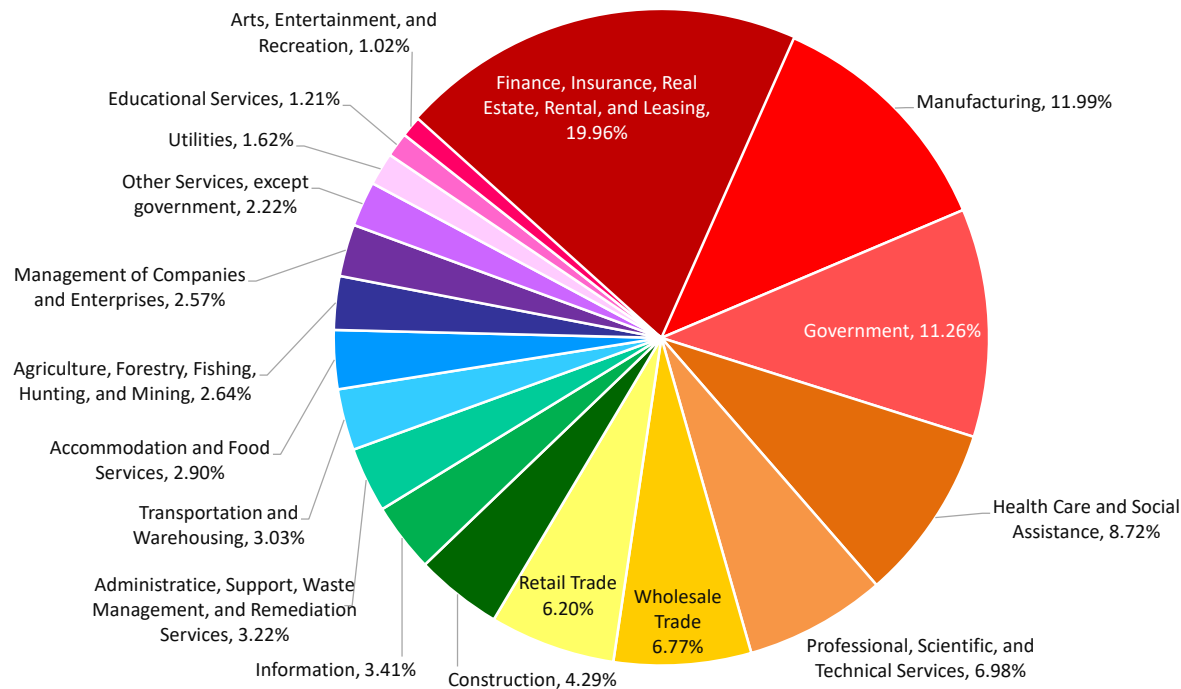
Note: Real GDP values are in millions of chained 2012 dollars, meaning they are adjusted for inflation over time with 2012 as the base year. Compound annual growth rate (CAGR) is a calculated rate helpful when looking at growth over time. Though GDP growth varies, the compound annual growth rate provides a calculated rate as if the growth had occurred at a steady rate during the period.

Source: Bureau of Economic Analysis. U.S. Department of Commerce. Real GDP Compound Annual Growth by State. <https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>.

GDP Composition

Missouri's total gross domestic product (GDP) is the combined value of the final goods and services from all the sectors of the economy. Finance, insurance, real estate, rental, and leasing was the sector that made up the largest portion—19.5 percent—of Missouri's economy in 2021.

Percent of Missouri Gross Domestic Product by Sector: 2021 Quarter 3



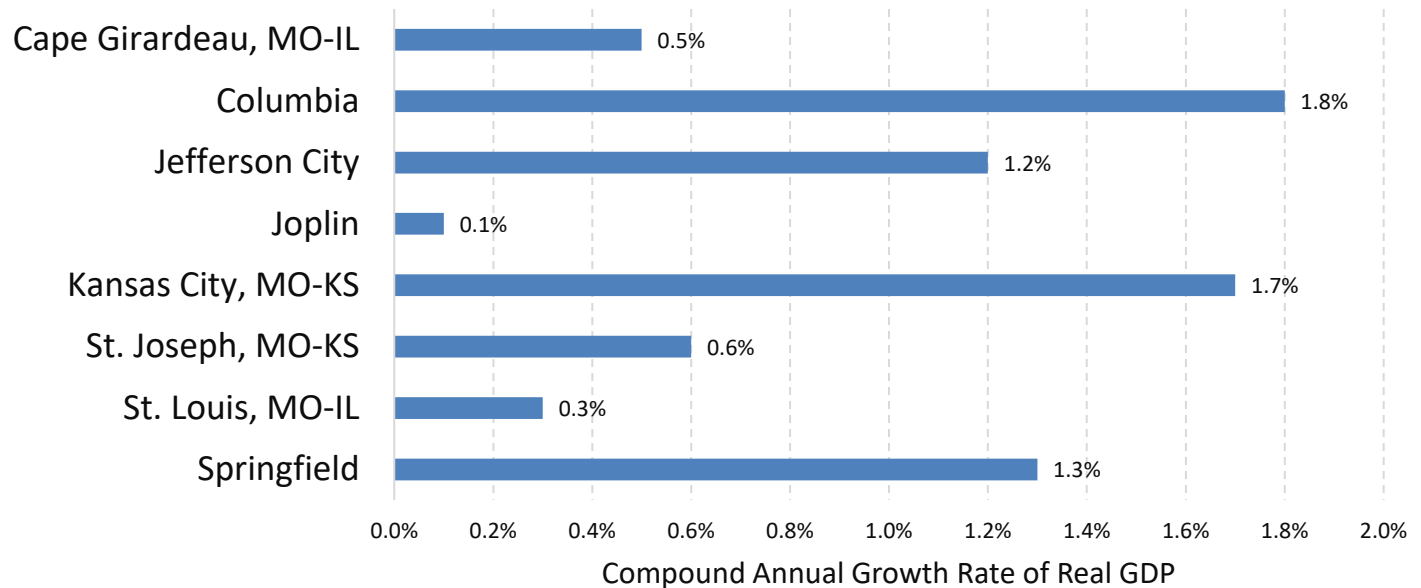
Note: Percentages calculated by author using data from the Bureau of Economic Analysis. GDP numbers used are in current dollars. Industry detail is based on the 2012 North American Industry Classification System (NAICS).

Source: Bureau of Economic Analysis. "Gross Domestic Product (GDP) by State." <https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>.

Metro Growth

Metropolitan statistical area (MSA) is a term used by the U.S. government to describe a city and surrounding areas, with the urbanized area having a population of 50,000 or more. Missouri has eight MSAs throughout the state and their real GDP growth provides insight into economic conditions across the state.

Compound Annual Growth Rate of Real GDP, Missouri Metropolitan Statistical Areas: 2011 to 2020

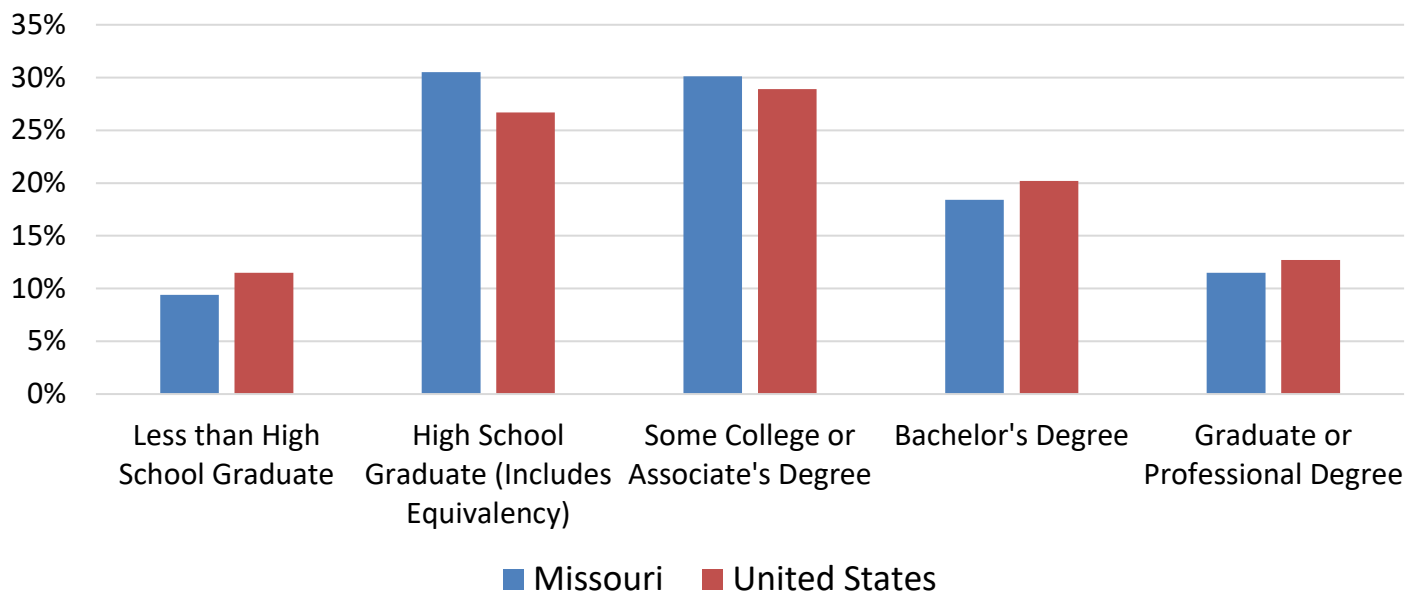


Source: Bureau of Economic Analysis. "Real GDP by County and Metropolitan Area." <https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>.

Age/Education of Workforce

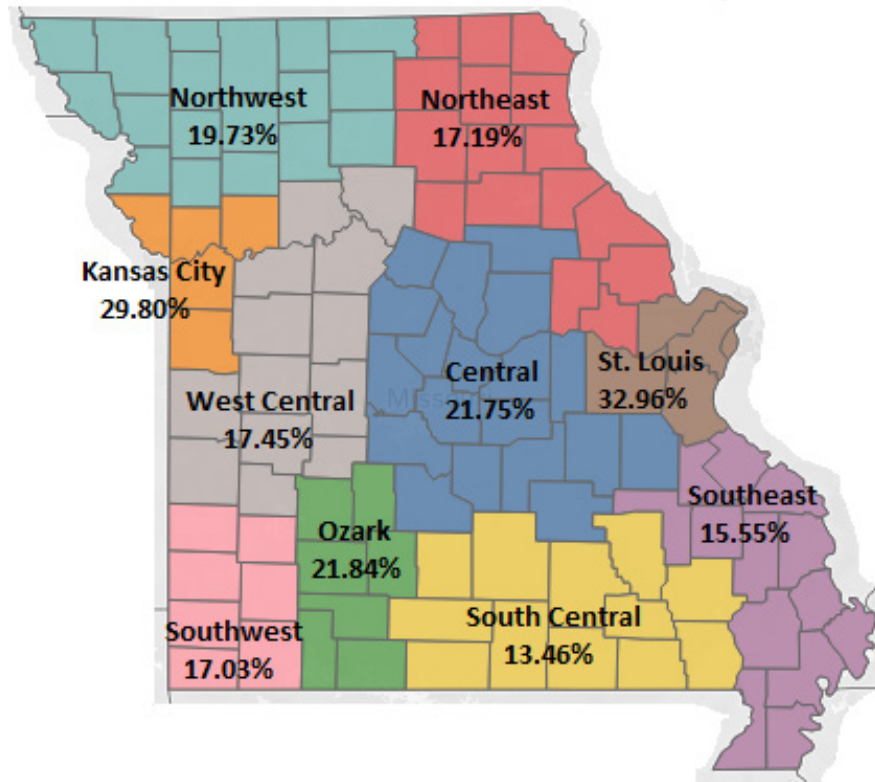
Almost 90 percent of Missouri adults 25 years and older have a high school diploma or higher degree. However, Missouri falls below the national average for the percentage of this population with bachelor's degrees and graduate or professional degrees. Just over 30 percent of Missourians have a bachelor's degree or higher.

Educational Attainment of Missouri's Population 25 and Older, 2020



Source: United States Census Bureau. 2020 American Community Survey 5-year estimates. https://data.census.gov/cedsci/table?q=acs&g=0100000US_0400000US29&ty=2020&tid=ACSST5Y2020.S0501.

Percentage of the Population 25 and Older with Bachelor's Degrees or Higher by Region: 2020



Note: The regional divisions of Missouri follow the divisions used by the Missouri Economic Research and Information Center.

Sources: Missouri Economic Research and Information Center. "Regional Profiles," <https://meric.mo.gov/regional-profiles>; United States Census Bureau. 2020 American Community Survey 5-year estimates. <https://data.census.gov/cedsci/table?q=acs&g=0500000US29009,29011,29057,29097,29109,29119,29145&y=2020&t=ACSST5Y2020.S0601>.

Section Two

State Taxes



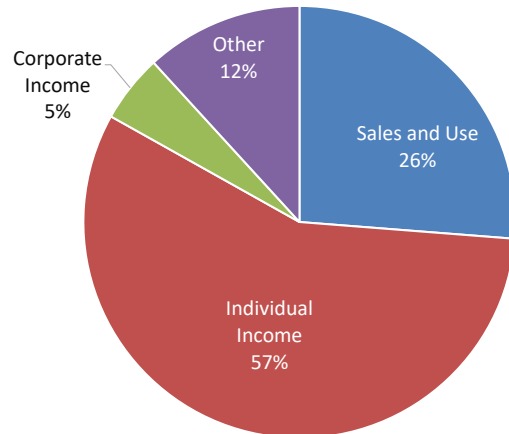


Several taxes are implemented at the state level in Missouri. This section will examine the three types of taxes that bring in the most revenue for the state.

State Tax Revenue

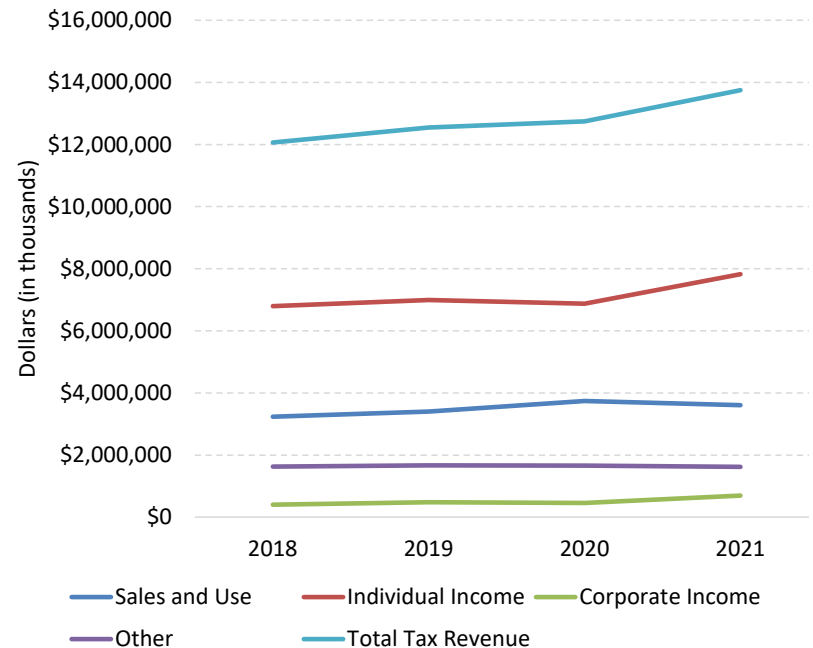
Missouri collects a number of state taxes, including individual income, sales and use, and corporate income taxes. In 2020, Missouri's tax revenues did not fall as dramatically as many feared, and collections seem to have rebounded in 2021.

Missouri Tax Revenue by Source: 2021



Note: Percentages are the percentage of total tax revenue for fiscal year 2021.

Missouri Tax Revenues: 2018 to 2021

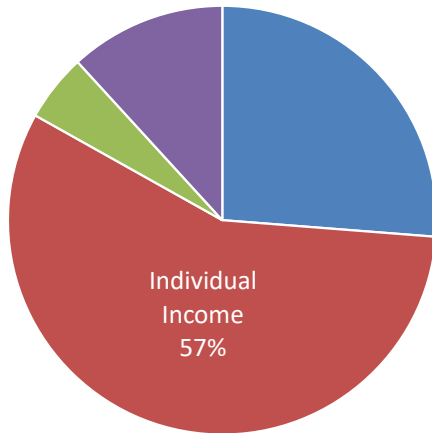


Source: Missouri Comprehensive Annual Financial Report 2018–2021. Missouri Office of Administration, Division of Accounting. <https://oa.mo.gov/accounting/reports/annual-reports/annual-comprehensive-financial-reports>.

Individual Income Tax

Missouri taxes income earned by individuals in the state. Missouri's individual income tax is a progressive tax, meaning that the tax increases as the amount of taxable income increases, but the highest tax bracket begins at a very low income level. In 2021, Missouri collected over \$7.8 billion from individual income taxes.

Missouri Tax Revenue by Source: 2021



Note: Percentage is the percentage of total tax revenue for fiscal year 2021.

Missouri Individual Income Tax Rates: 2022

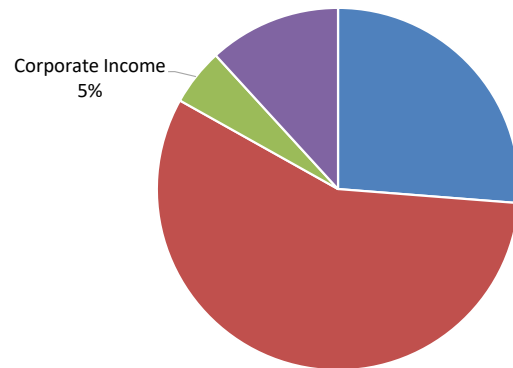
If the Missouri taxable income is...	the tax is...
\$0 to \$108	\$0
over \$108 to \$1,088	1.50%
over \$1,088 to \$2,176	\$16 plus 2.0% of excess over \$1,088
over \$2,176 to \$3,264	\$38 plus 2.5% of excess over \$2,176
over \$3,264 to \$4,352	\$65 plus 3.0% of excess over \$3,264
over \$4,352 to \$5,440	\$98 plus 3.5% of excess over \$4,352
over \$5,440 to \$6,528	\$136 plus 4.0% of excess over \$5,440
over \$6,528 to \$7,616	\$180 plus 4.5% of excess over \$6,528
over \$7,616 to \$8,704	\$229 plus 5.0% of excess over \$7,616
over \$8,704	\$283 plus 5.4% of excess over \$8,704

Sources: Missouri Comprehensive Annual Financial Report 2021. Missouri Office of Administration, Division of Accounting. https://oa.mo.gov/sites/default/files/CAFR_2019_0.pdf; Missouri Department of Revenue. <https://dor.mo.gov/taxation/individual/tax-types/income/year-changes/>

Corporate Income Tax

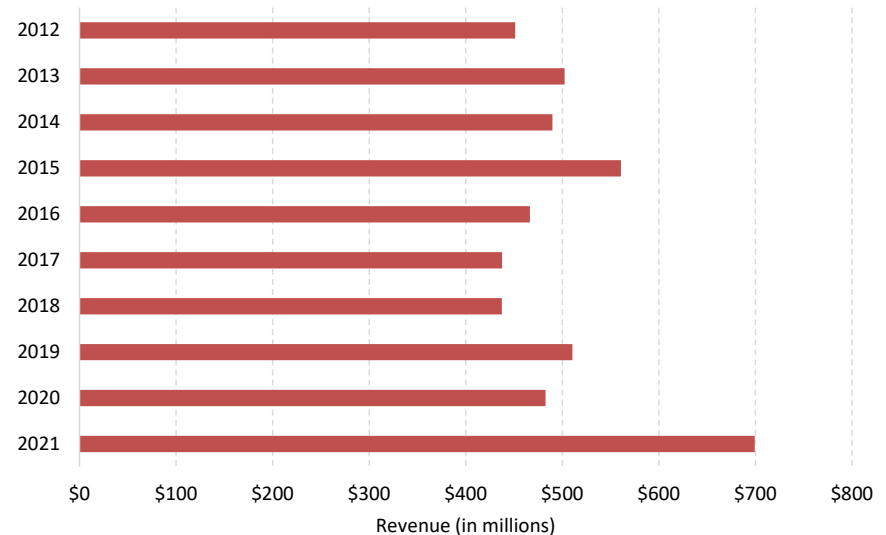
A tax levied on a corporation's taxable income is a corporate income tax. Missouri's corporate income tax rate was 6.25 percent from 1993 to 2019. In 2020, Missouri's corporate income tax rate was lowered to 4% of taxable income.

Missouri Tax Revenue by Source: 2021



Note: Percentage is the percentage of total tax revenue for fiscal year 2021.

Missouri Corporate Income Tax Revenues: 2012 to 2021



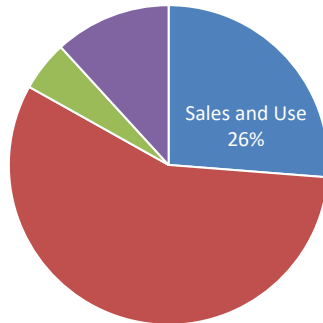
Note: These numbers are adjusted for inflation to 2021 dollars.

Source: Missouri Comprehensive Annual Financial Reports, 2012 to 2021. Missouri Office of Administration, Division of Accounting. <https://oa.mo.gov/accounting/reports/annual-reports/comprehensive-annual-financial-reports>.

Sales Tax

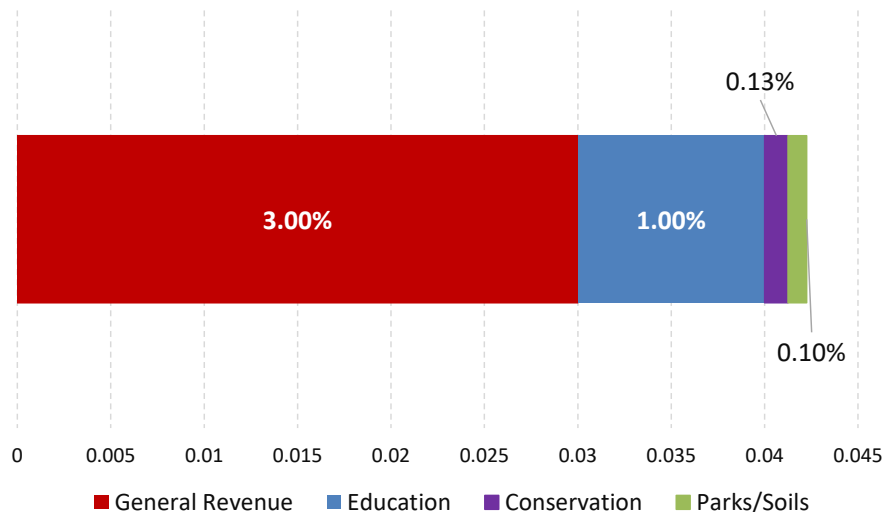
Sales and use taxes are often grouped together as they are in Missouri's financial documents. In 2021, Missouri was the last state to establish an online use tax (known as the Wayfair tax). State and local jurisdictions can now collect this tax from remote sellers. The state's sales and use tax rate is 4.225 percent, which is distributed into four different funds. Even with the economic shutdowns of 2020, Missouri collected more sales and use tax revenue in 2020 and 2021 than in 2019.

Missouri Tax Revenue by Source: 2021



Note: Percentage is the percentage of total tax revenue for fiscal year 2021.

Missouri Sales and Use Tax Revenue Distribution



Note: These categories indicate separate funds to which the tax revenue is distributed. These revenue distribution percentages are statutory provisions, found within Chapter 144 of the Revised Statutes of Missouri, and do not change from year to year. However, since the provisions stipulate percentages, the actual dollar amount distributed to the different funds will vary as tax collection varies.

Sources: Missouri Department of Revenue. "Sales/Use Tax." <https://dor.mo.gov/business/sales/>; Office of the Missouri Governor. "Governor Parson Signs Wayfair Legislation into Law." <https://governor.mo.gov/press-releases/archive/governor-parson-signs-wayfair-legislation-law>; Missouri Comprehensive Annual Financial Report 2021. Missouri Office of Administration, Division of Accounting. https://oa.mo.gov/sites/default/files/CAFR_2019_0.pdf; Missouri Department of Revenue. <https://dor.mo.gov/business/sales/>; "Sales/Use Tax." Missouri Department of Revenue. <https://dor.mo.gov/business/sales/>.

Section Three

Local Taxes



JBC Geomatics/Shutterstock

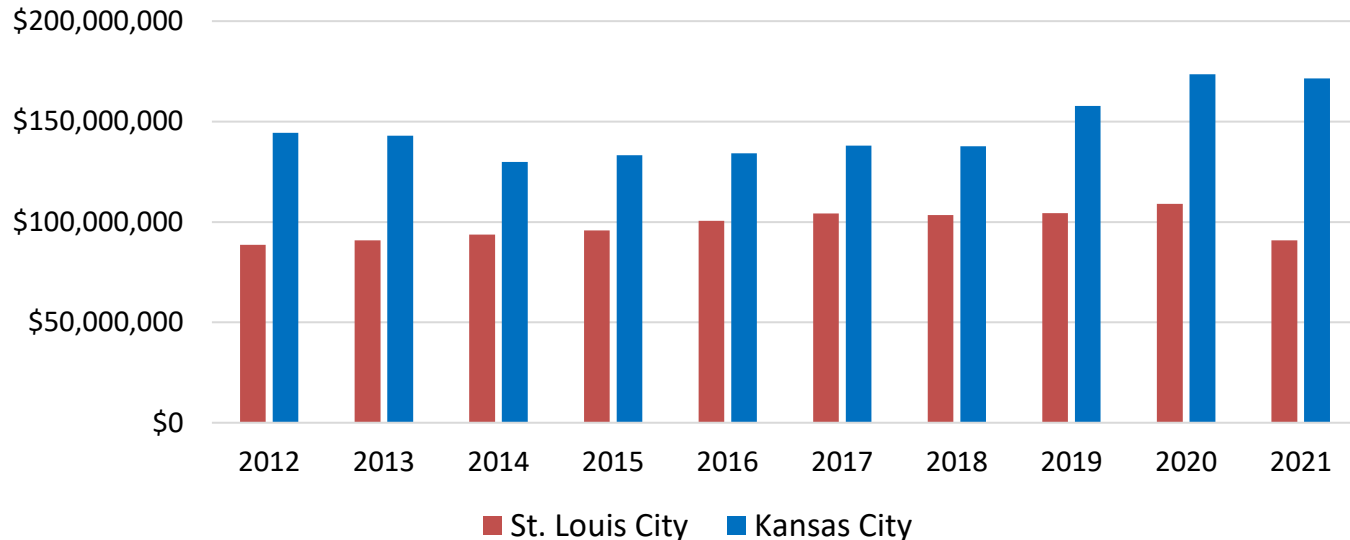


Taxes can be imposed at the local level by counties, cities, and other political subdivisions. In particular, property and sales taxes are imposed at the local level in Missouri. This section will cover a variety of local taxing jurisdictions.

Property Taxes

Property taxes are imposed on the assessed value of property and can be imposed by counties, cities, and other political subdivisions. Political subdivisions include school districts, library districts, community improvements districts, and many others. The property tax rate paid by Missouri citizens is often a combination of multiple rates from various taxing jurisdictions, and rates can vary greatly across the state. There are taxes on both real and personal property. Real property taxes are imposed on land and buildings, and personal property taxes are imposed on things like cars and boats.

Property Tax Revenues, City of St. Louis and Kansas City: 2012 to 2021



Note: These numbers are adjusted for inflation to 2021 dollars.

Sources: *Comprehensive Annual Financial Reports 2012–2021. City of St. Louis, Missouri.* <https://www.stlouis-mo.gov/government/departments/comptroller/documents/Historical-CAFR-Archive.cfm>; *Comprehensive Annual Financial Reports 2012–2021. City of Kansas City, Missouri.* <https://www.kcmo.gov/city-hall/departments/finance/financial-information-reports-and-policies>.

Kansas City, MO Property Tax Rates

Description	Tax Year 2021 Levy (per \$100 of assessed value)
General Purpose	\$0.6105
Health	\$0.4241
Health Temporary	\$0.1866
Museum	\$0.0169
Debt Service	\$0.4600
Total	\$1.6981

Note: This list only includes property taxes levied by the city. Political subdivisions are not included, so this is not representative of the tax rate for all Kansas City residents.

Source: City of Kansas City, Missouri. "Property Taxes and Property Tax Rates." <https://www.kcmo.gov/city-hall/departments/finance/tax-home/property-taxes-and-property-tax-rates>

Sales Tax

Localities can impose sales taxes on top of the state sales tax. This can be done through the locality or by creating a special taxing district, as discussed on page 22. The Missouri Department of Revenue has published an interactive map that displays the numerous sales tax jurisdictions throughout the state. According to these data, all 114 counties in Missouri impose at least one county sales tax and hundreds of municipalities impose sales taxes. Hundreds of local jurisdictions also have use taxes, and this number has increased since the implementation of the state's online use tax.

Examples of County Sales Taxes

County	Tax Rate
Boone County	1.750%
Callaway County	2.000%
Clay County	1.125%
Greene County	1.750%
Jackson County	1.250%
Jasper County	1.375%
Lafayette County	1.625%
Newton County	1.625%
Ray County	2.500%
St. Charles County	1.725%
St. Louis County	3.513%

Note: Rates are current as of March 2022.

Examples of Municipality Sales Taxes

Municipality	Tax Rate
Cape Girardeau	2.750%
Chesterfield	2.000%
Clayton	2.500%
Columbia	2.000%
Independence	2.625%
Jefferson City	2.250%
Joplin	3.125%
Kansas City	3.250%
Kirksville	2.750%
Lee's Summit	2.250%
Springfield	2.125%
St. Charles	2.000%
St. Joseph	3.375%
St. Louis City	5.454%

Note: Rates are current as of March 2022.

Source: Missouri Department of Revenue. Sales Tax Jurisdiction Maps. <https://mogov.maps.arcgis.com/apps/MapSeries/index.html?appid=22cc45ec926e4f94a1f41027b1bedb0e>.

Special Taxing Districts

Generally, a special taxing district is a political subdivision of the state that funds specific improvements or services by imposing additional taxes on top of state, county, and city taxes.

Note: These numbers only include taxing authorities (including special taxing districts) that levy property taxes. There are many special taxing districts that exclusively levy sales taxes, and those are not included in these numbers.

Source: *The Office of Missouri State Auditor. "2021 Property Tax Report."*
<https://auditor.mo.gov/AuditReport/CitzSummary?id=906>.

Selected Taxing Districts that Levy a Property Tax

Type of District	Number of Taxing Authorities
Ambulance District	106
Hospitals	11
Nursing Home District	30
Public Water Supply District	1
Soil and Water Conservation Subdistricts	27
Drainage and Levee Districts	2
Special Road Districts	206
Municipalities	836
Tax Supported Public Libraries	84
Townships	283
Fire Protection Districts	413
Sewer District	22
Street Light Maintenance Districts	6
Special Business District	26
Regional Recreation District	1
Health Centers	90
Special Road District Subdistrict	1
Extension Districts	2
Junior Colleges	12
Museum District	1
School Districts	516
Special School Districts	2
Counties	115
Total	2,793

Selected Examples of New Special Taxing Districts

Type of District	Name	Location	Rate
<i>Community Improvement District</i>			
	32nd Street Place CID	Joplin	1.00%
	Electric Park CID	Kansas City	1.00%
	Markets at Olive CID	University City	1.00%
	Olivette Gateway CID	Olivette	1.00%
	Riverside Red X CID	Riverside	1.00%
<i>Transportation Development District</i>			
	4576 Woodson Road TDD	St. Louis	1.00%
	Clark Lane TDD	Columbia	1.00%
	Soccer Stadium TDD	St. Louis	1.00%

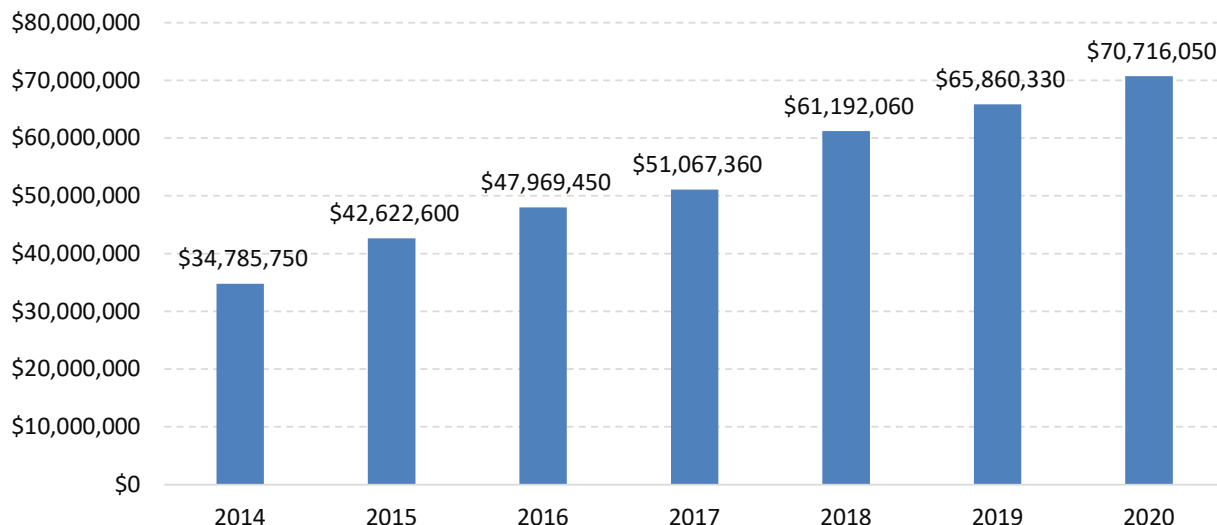
Note: These are examples of special taxing districts that began submitting financial reports to the state auditor in 2020 or 2021.

Sources: *The Office of Missouri State Auditor. "Financial Reports."* <https://auditor.mo.gov/LocalGov/SearchPolysubFinancialReports>; *Missouri Department of Revenue. Sales Tax Jurisdiction Maps.* <https://mogov.maps.arcgis.com/apps/MapSeries/index.html?appid=22cc45ec926e4f94a1f41027b1bedb0e>.

Community Improvement Districts

A Community Improvement District (CID) is a type of special taxing district that collects revenue within designated boundaries to pay for specific public facilities, improvements, or services. A CID is created by a petition of the property owners within the district's boundaries and must be approved by local municipalities. A CID can be a separate political subdivision that can impose and collect sales taxes up to 1 percent and/or property taxes up to an amount specified upon the creation of the district. Alternatively, a CID can be created as a nonprofit organization that can collect various fees and rents.

Missouri Community Improvement District Revenues: 2014 to 2020



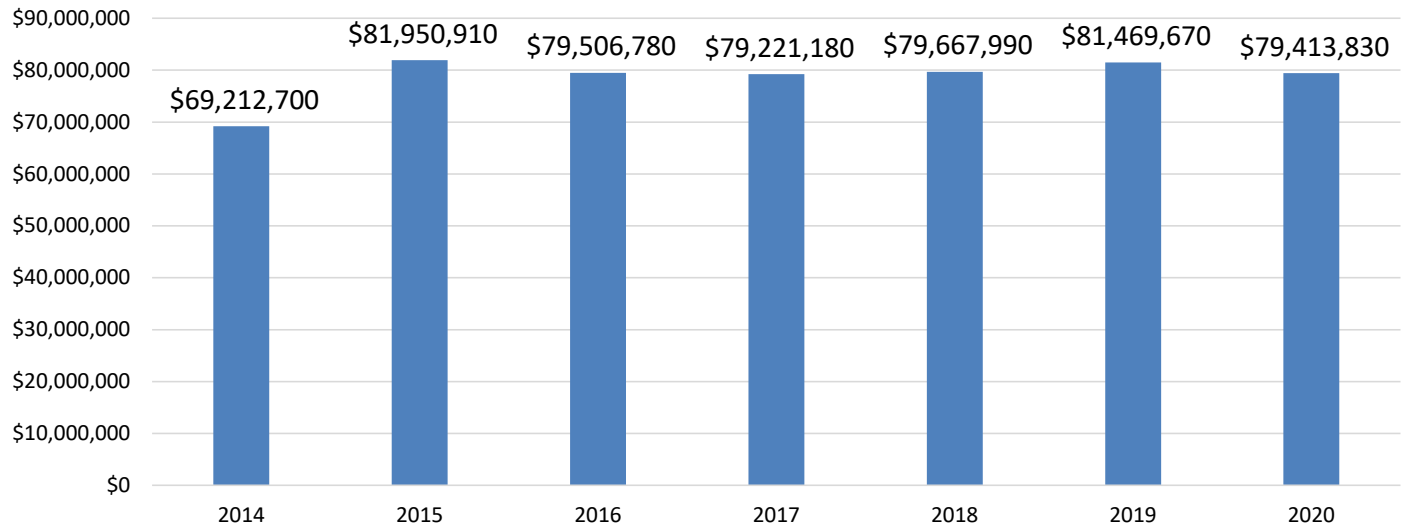
Note: These numbers should be considered estimates because the source consulted provides an incomplete dataset. These numbers are adjusted for inflation to 2021 dollars. More information on CIDs can be found at: <https://showmeinstitute.org/publication/special-taxing-districts/taxes-and-taxing-districts-on-the-rise-in-missouri>.

Sources: Missouri Department of Revenue. *Financial and Statistical Reports 2014-2020*. <https://dor.mo.gov/revenue-annual-financial-report/>; RSMo §67.1531-1545; "Local Incentive Programs." Missouri Department of Economic Development. <https://ded.mo.gov/community/local-programs>.

Transportation Development Districts

A Transportation Development District (TDD) is a type of special taxing district created to fund one of a wide variety of transportation-related infrastructure projects. The project may "assist the promotion, design, construction, improvement, or operation" of infrastructure such as bridges, streets, parking lots, rest areas, or other amenities. TDDs are separate political subdivisions funded by the imposition of an additional sales tax not to exceed 1 percent or property tax not to exceed \$0.10 per \$100 of assessed value.

Missouri Community Improvement District Revenues: 2014 to 2020



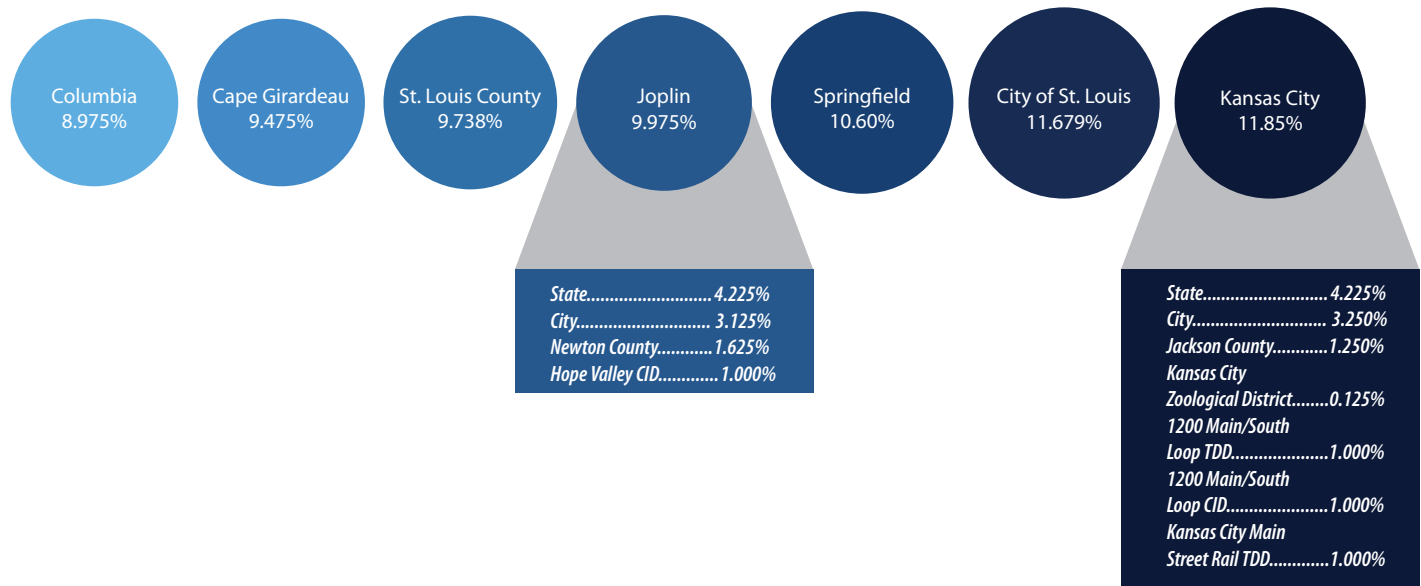
Note: These numbers should be considered estimates as the Missouri Department of Revenue supplies an incomplete dataset. These numbers are adjusted for inflation to 2021 dollars. More information on TDDs can be found at: <https://showmeinstitute.org/publication/special-taxing-districts/taxes-and-taxing-districts-on-the-rise-in-missouri/>.

Source: Missouri Department of Revenue. *Financial and Statistical Reports 2014-2020*. <https://dor.mo.gov/revenue-annual-financial-report/>; RSMo §238.232-235; "Local Incentive Programs." Missouri Department of Economic Development. <https://ded.mo.gov/community/local-programs>.

Combined State and Local Sales Taxes

Consumers ultimately end up paying the combined total of state and local sales taxes. With a state sales tax, local sales taxes, and special taxing districts, consumers can pay a very high combined sales tax in Missouri. The highest combined sales tax rates in Cape Girardeau, Joplin, and Kansas City have increased since September 2020.

Highest Combined Sales Tax Rates in Selected Missouri Locations



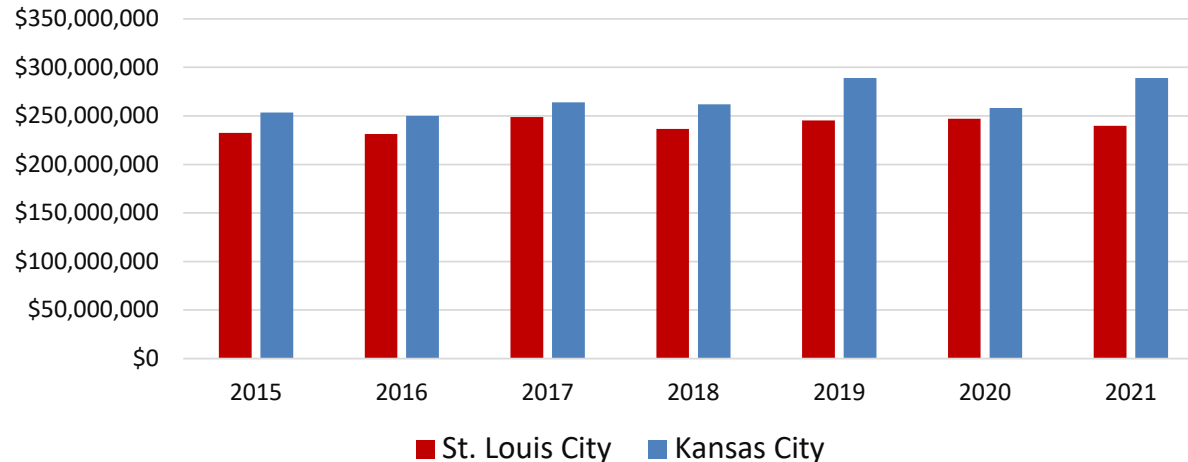
Note: These percentages give the highest possible tax rate within that area. This does not mean that the entire city or county has this tax rate, but that there is at least one area where the combination of taxing jurisdictions produces this sales tax rate.

Source: Missouri Department of Revenue. "Sales and Use Tax Rate Tables: April, May, June 2022." <https://dor.mo.gov/pdf/rates/2022/apr2022.pdf>.

Earnings Tax

The City of St. Louis and Kansas City are the only localities in Missouri with an earnings tax. This tax is a 1 percent tax on the income of those who live or work in these cities. St. Louis also has a 0.5 percent payroll expense tax, which means that businesses pay a 0.5 percent tax on wages paid. These taxes provide a substantial portion of the cities' general revenues. St. Louis and Kansas City have dealt with the increase in remote workers due to the COVID-19 pandemic differently. Kansas City has offered refunds while St. Louis has continued to require earnings tax payment from remote workers who do not live in the city.

Earnings Tax Revenue Collections, City of St. Louis and Kansas City: 2015 to 2021



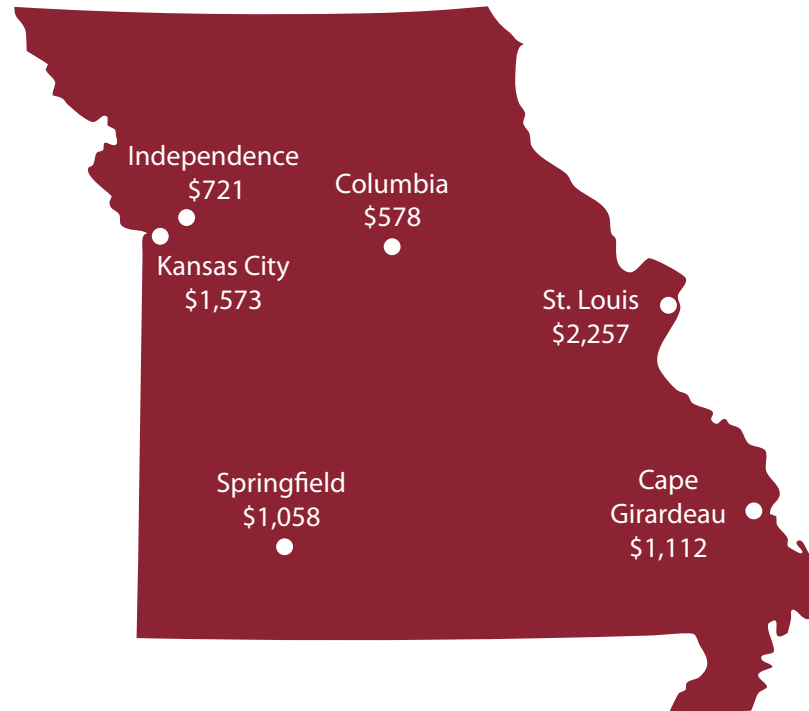
Note: The filing deadline for the earnings tax was delayed by 3 months in 2020, which may explain much of the decrease in revenue collections in 2020 and increase in 2021 seen in Kansas City. These numbers are adjusted for inflation to 2021 dollars. More information on local income taxes can be found at: <https://showmeinstitute.org/publication/taxes-income-earnings/report-local-income-taxes>.

Sources: *Comprehensive Annual Financial Reports 2015-2021. City of St. Louis, Missouri.* <https://www.stlouis-mo.gov/government/departments/comptroller/documents/Historical-CAFR-Archive.cfm>; *Comprehensive Annual Financial Reports 2015-2021. City of Kansas City, Missouri.* <https://www.kcmo.gov/city-hall/departments/finance/financial-information-reports-and-policies>.

Local Tax Revenues

Tax revenues make up a large portion of total local revenues. Missouri's largest cities collect hundreds of millions from taxpayers each year.

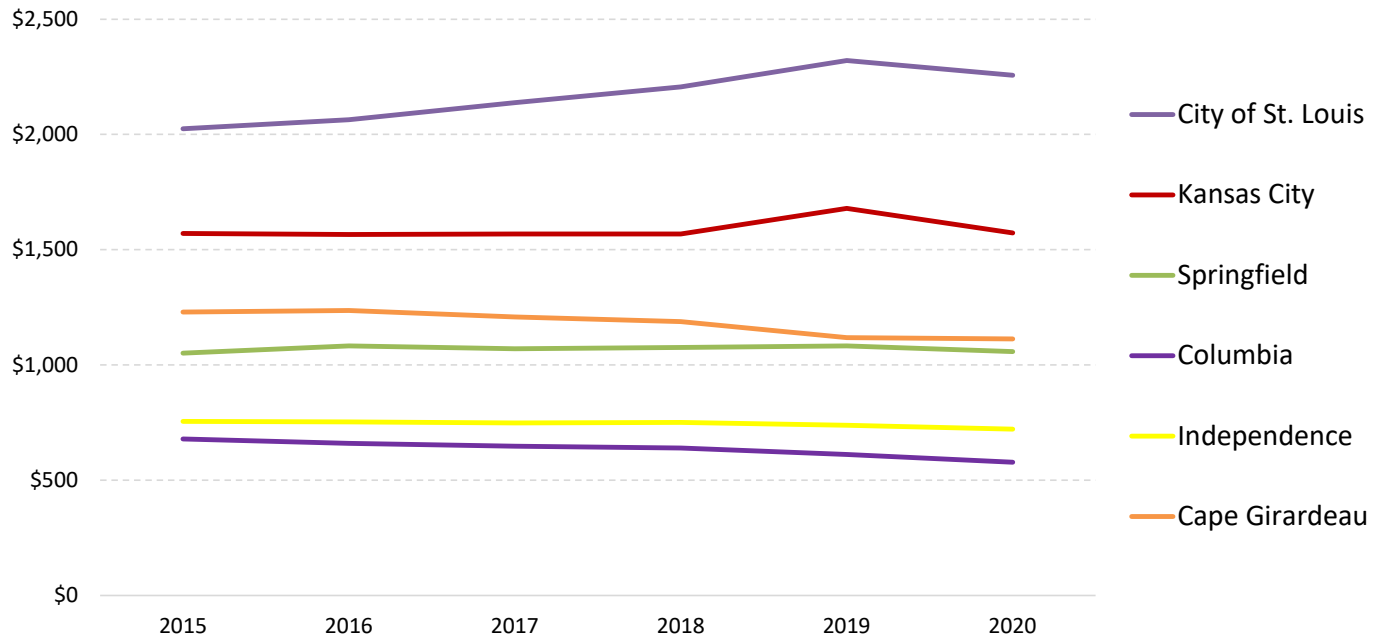
Per-Capita Tax Revenue, Selected Missouri Cities: 2020



Note: Tax revenue per capita was calculated by dividing the total tax revenue of each city by population estimates for that city. This is a representation of how much each city collects per person if it were to collect the same amount from each individual. Tax revenue numbers were adjusted for inflation to 2021 dollars.

Sources: 2020 Comprehensive Annual Financial Reports from multiple cities; United States Census Bureau Quick Facts for multiple cities.

Per-Capita Tax Revenues, Selected Missouri Cities: 2015 to 2020



Note: Tax revenue per capita was calculated by dividing the total tax revenue of each city by population estimates for that city. This is a representation of how much each city collects per person if it were to collect the same amount from each individual. Tax revenue numbers are adjusted for inflation to 2021 dollars.

Sources: *Comprehensive Annual Financial Reports 2015-2020 for multiple cities*; United States Census Bureau. "City and Town Population Totals." <https://www.census.gov/data/tables/time-series/demo/popest/2010s-total-cities-and-towns.html>.

Section Four

Other Taxes



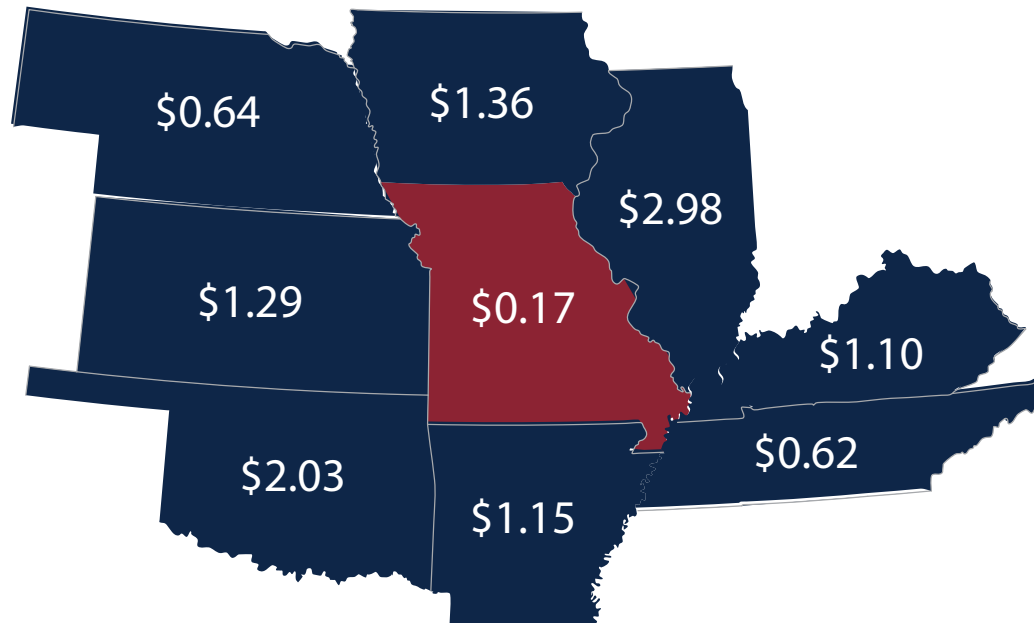


The previous sections of this booklet have overviewed the main types of state and local taxes, but there are many others. This section will provide details on a few additional taxes imposed on Missourians.

Cigarette Taxes

Missouri imposes a state tax on cigarettes at 8.5 mills per cigarette, which equals 17 cents per pack of 20 cigarettes, the lowest in the nation in 2022. There is also a state tax on other tobacco products of 10 percent of the manufacturer's invoice price. St. Louis County and Jackson County impose local cigarette taxes of 2.5 mills per cigarette.

Cigarette Taxes for Missouri and Neighboring States: 2022



Sources: Federation of Tax Administrators. "State Excise Tax Rates on Cigarettes." <https://www.taxadmin.org/assets/docs/Research/Rates/cigarette.pdf>; Missouri Department of Revenue. "Financial and Statistical Report 20." <https://dor.mo.gov/revenue-annual-financial-report/documents/financialstatreport20.pdf>; Missouri Office of Administration, Division of Accounting.

Alcohol Taxes

Missouri imposes state taxes on alcoholic beverages. There are three different tax rates for the three categories of alcoholic beverages. In 2019, Missouri collected over \$34.6 million from this type of tax.

Alcohol Taxes, Missouri and Surrounding States: 2022

State	Liquor Tax	Beer Tax	Wine Tax
Arkansas	\$2.50	\$0.24	\$0.75
Illinois	\$8.55	\$0.23	\$1.39
Iowa	n.a.	\$0.19	\$1.75
Kansas	\$2.50	\$0.18	\$0.30
Kentucky	\$1.92	\$0.08	\$0.50
Missouri	\$2.00	\$0.06	\$0.42
Nebraska	\$3.75	\$0.31	\$0.95
Oklahoma	\$5.56	\$0.40	\$0.72
Tennessee	\$4.40	\$1.29	\$1.21

Note: Taxes are per gallon of alcoholic beverage and are as of January 1st, 2022. States marked "N/A" have their liquor sales controlled directly by state governments. When there are multiple tax rates per type of alcohol, the source reported rates as follows:

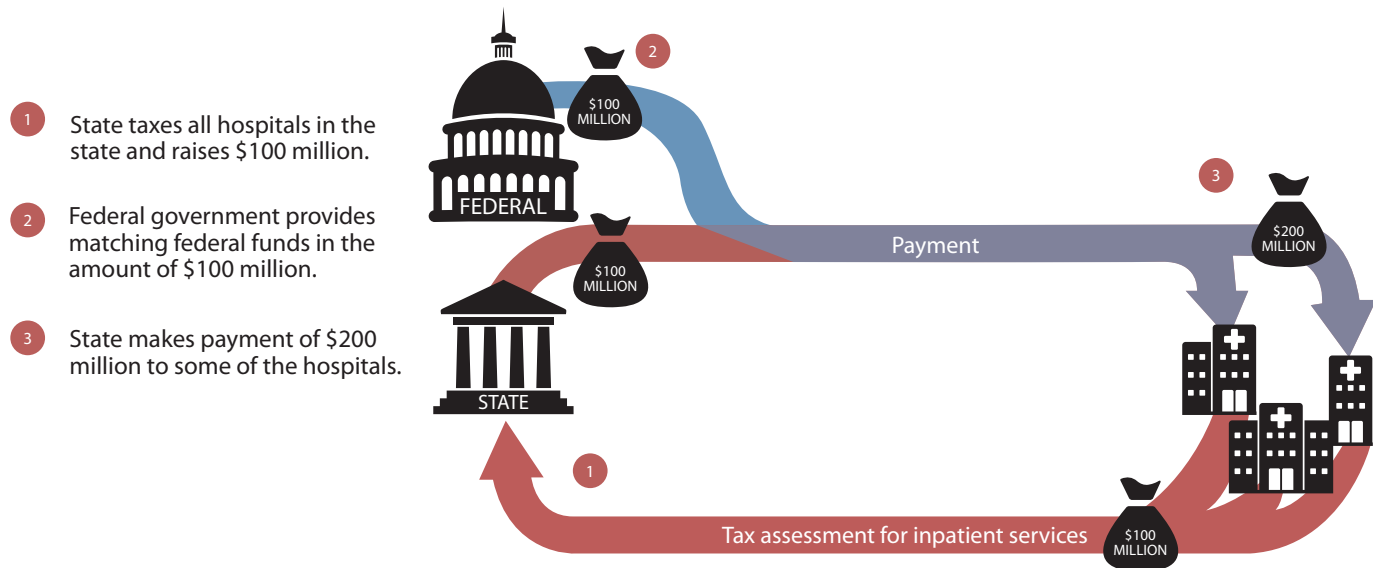
- Liquor: Rate shown is that charged for liquor that is 50% alcohol by volume (ABV) or less.
- Wine: Rate shown is the lowest rate charged for still (as opposed to sparkling) wine.
- Beer: Rate shown is that charged for beer over 3.2% ABV sold as bottles or cans (as opposed to barrels or kegs).

Source: "State Alcohol Excise Taxes." Tax Policy Center. <https://www.taxpolicycenter.org/statistics/state-alcohol-excise-taxes>.

Medicaid Provider Taxes

As government health care programs grow larger as a result of the COVID-19 pandemic and Medicaid expansion, states like Missouri have become increasingly reliant on extra taxes and financing gimmicks to support their programs.

How Missouri Uses a Financing Gimmick to Fund Its Medicaid Program

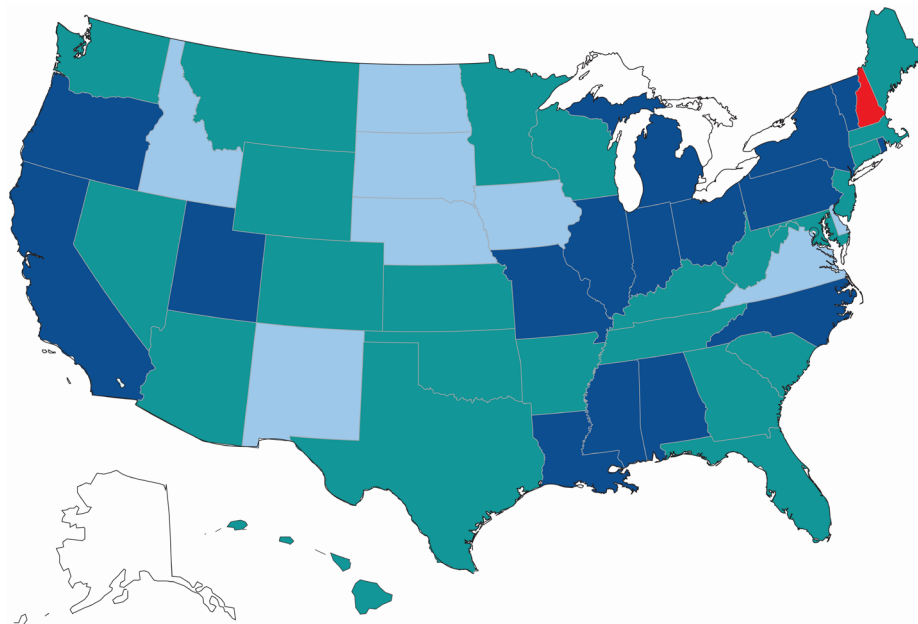


Note: Both federal and state governments are responsible for funding the Medicaid program. As the cost of providing health coverage has increased, it's become more difficult for states to cover their share of Medicaid expenses through sales and income taxes. This pressure has led states and localities to levy additional taxes on providers and residents, respectively. States then use these tax revenues to pay providers, allowing them to receive a larger federal share. This financing gimmick allows states to pay more for Medicaid services than they could otherwise afford by exploiting the federal reimbursement structure.

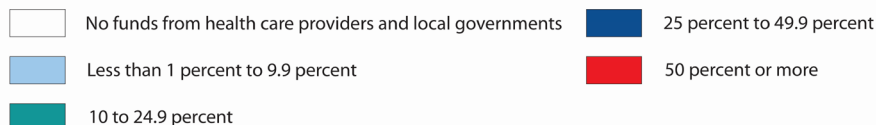
Source: <https://www.gao.gov/assets/710/708060.pdf>.

Though Medicaid has consumed more than 40% of Missouri's sales and income tax revenue growth over the past decade, the state is also one of the most reliant in the country on local and provider taxes to cover the program's remaining expenses.

Percentage of the Nonfederal Share of Medicaid Paymtns from Health Care Providers and Local Governments in Fiscal Year 2018



The percentage of the nonfederal share from health care providers and local governments



Note: To support the growing cost of Medicaid, the state of Missouri levies five separate taxes on health care providers and may soon add a sixth. The state currently taxes hospitals, nursing homes, pharmacies, ambulances, and intermediate care facilities for individuals with disabilities. Missouri relies on these extra taxes for approximately one third of the state's portion of Medicaid services, which ranks among the top ten in the country. As recently as 2012, Missouri led the nation in Medicaid provider tax reliance, but in the years since Missouri's reliance has fallen while other states have drastically increased their use of these taxes.

Source: US Government Accountability Office. <https://www.gao.gov/assets/gao-21-98.pdf>.

Gas Tax

Missouri previously had the second-lowest gas tax in the country. In 2021, Missouri lawmakers passed a gas tax increase that will increase the tax from 17.42 cents per gallon to 29.5 cents per gallon in five years. The gas tax will increase by 2.5 cents every year.

Total State Taxes and Fees (in cents per gallon) on Gasoline by State:
July 2019

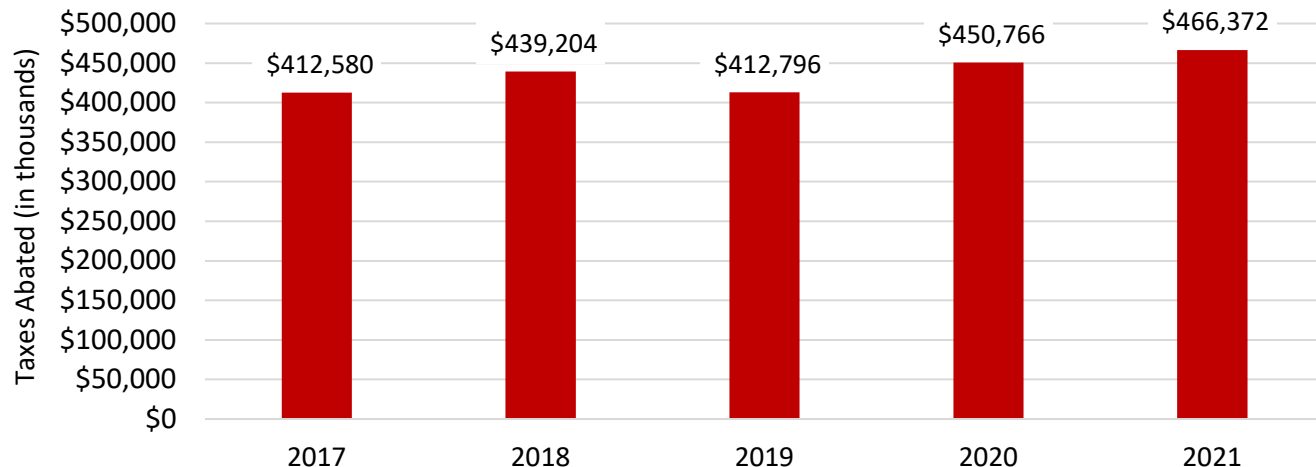
Date	Gas Tax Increases to . . .
10/1/2021	19.5 cents per gallon
7/1/2022	22 cents per gallon
7/1/2023	24.5 cents per gallon
7/1/2024	27 cents per gallon
7/1/2025	29.5 cents per gallon

Source: Missouri Department of Revenue. <https://dor.mo.gov/faq/taxation/business/motor-fuel.html>.

Tax Credits and Abatements

Tax credits and tax abatements are among the many avenues for reducing the amount of taxes that an individual or business must pay. A tax credit is an amount that taxpayers can subtract from their tax liability. It works as an incentive by offering taxpayers a credit when they meet certain conditions. Missouri offers a variety of tax credits, with 57 different credits listed on the Department of Revenue's website. Tax abatements specifically reduce the amount of property taxes owed when developing or redeveloping in designated areas. Tax abatement numbers represent revenue forgone by the state.

Total Dollar Value of Tax Abatements, Missouri: 2017 to 2021



Note: Values are in thousands of dollars. These are the numbers as reported in Missouri's Comprehensive Annual Financial Reports. Due to reporting errors and confidentiality, this may not include all tax abatements. These numbers are adjusted for inflation to 2021 dollars.

Source: *Missouri Comprehensive Annual Financial Reports, 2017-2021*. Missouri Office of Administration, Division of Accounting.
<https://oa.mo.gov/accounting/reports/annual-reports/comprehensive-annual-financial-reports>.

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