

# **The Tax Cuts and Jobs Act of 2017: The Impact on State of Missouri Revenue**

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## **1. Introduction**

On December 20, 2017, the United States Congress passed House Resolution (HR 1) also known as the Tax Cuts and Jobs Act. Using MOSIM—the tax simulation program developed by the Economic Policy Analysis and Research Center (EPARC)—it is possible to provide an estimate of the impact that HR1 will have on Missouri net General Revenues.<sup>2</sup> In this update, there are two goals. First, we quantify the immediate impact that HR 1 is projected to have on Missouri net General Revenues (GR). Second, there have been reports that the bill will have catastrophic effects on net GR. While our estimated impacts are around one percent of Missouri net GR, it is important to offer explanations that could possibly account for the nearly ten percent impacts that are being floated.

There are numerous elements in the Tax Cuts and Jobs Act of 2017 that will affect individual income taxes collected by the State of Missouri. We begin by summarizing the key points in HR1 that was passed on December 20.

- Increases standard deduction from \$6,350 to \$12,200 for singles, from \$12,700 to \$24,400 for married couples filing jointly, and from \$9,350 to \$18,300 for heads of household;
- Eliminates the personal exemption. Creates a \$300 personal credit, along with a \$300 non-child dependent personal credit, in place for five years;
- Increases the child tax credit to \$2,000, with \$1,400 of the tax credit initially refundable. The refundable portion is indexed to inflation until the full \$1,600 is refundable. The phase out threshold for the child tax credit is also increased: for married households, it rises from \$110,000 to \$230,000;
- Changes several key deductions, most notably;
  - Caps the deductions for state and local taxes—income, sales, and property—at \$10,000;

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<sup>2</sup> In a previous white paper, we estimated the impact that the House of Representatives version of HR 1 would have on Missouri's net GR.

- Lowers the threshold for medical expenses to 7.5 percent of adjusted gross income;
- Alters the federal income tax rates, marked by lowering the top rate from 39.6 percent to 37 percent;

Based on projections using MOSIM, we compute the total effect of all these changes on individual income collected by Missouri Department of Revenue. With HR 1, we project that the immediate impact on Missouri net GR is negative \$58 million.

## **2. The Analysis**

Our analysis is conducted by recomputing the Net General Revenue collected from Missouri's Individual Income Tax using MOSIM. Since 1972, MOSIM has been used at the Economic & Policy Analysis Research Center, also known as EPARC, to quantitatively assess the impact that both federal and Missouri tax code changes will have on the amount of Net General Revenue, or Net GR, collected from the individual income tax.

More specifically, MOSIM is a simulation model that uses the actual behavior of all tax returns filed with Missouri Department of Revenue in a given calendar year. The simulation reckons what taxes due would be if specific parts of the federal or Missouri tax forms were changed. In other words, MOSIM is like a tax calculator that is based on the federal tax forms and the Missouri tax forms. The calculations are interpreted as immediate impacts in the following sense: because people's underlying behavior—their returns to work effort and spending patterns—are not considered by MOSIM, the projected impacts are non-behavioral, or static, estimates of the impact on net GR collected from individual income.

Because of MOSIM's flexibility, the effect of changes in the federal tax code could be projected individually or with all the changes considered simultaneously. We begin with an estimate of the total impact when all the changes are considered simultaneously. After the total effect is computed, we will look at the impact of specific aspects of the federal bill on Missouri net GR; in other words, we consider one change to the tax code, holding all other changes at their current setting.

### *2.1 Some background*

For those readers who have not memorized each line in the federal and Missouri tax forms, you might be wondering why changes in federal tax laws would affect Missouri individual income tax collections. There are two primary ways in which the Federal legislation will impact state individual income collections. First, Missouri is coupled with the federal tax code. This coupling means that when things like standard deductions and personal exemptions change at the federal level, Missouri law currently adopts the same standard deductions and personal exemptions. In Missouri, the Missouri MO-1040 form

asks for Federal Adjusted Gross Income on line 1. Line 14 on MO-1040 allows you to subtract either itemized deductions or standard deductions taken on the federal 1040 form. What line 14 does is that it changes what income is subject to Missouri individual income taxes; in short, individual income subject to Missouri taxes is negatively related to the amount deducted from either the standard or itemized cases.<sup>3</sup> So, for example, when Missouri's standard deduction increases, the amount of income subject to Missouri taxes decreases, thus reducing the amount of net GR collected from individual income taxes.

Second, changes in amounts deducted on your federal tax form will affect the amount of federal tax a filer pays to the United States' Internal Revenue Service. Because Missouri allows a state filer to deduct federal taxes paid, changes in deductions, exemptions and credits at the federal level will affect the size of the federal tax deduction that applies to Missouri filers. Through this channel, federal deductions are positively related to Missouri net GR collected from individual income taxes. To illustrate, consider the impact that eliminating personal exemptions will have on Missouri net GR. As the federal personal exemption is eliminated, income subject to federal taxes will increase, resulting in a larger federal tax payment. Missouri filers will, therefore, deduct larger amounts because their federal tax payments increased. The bottom line is that as federal personal exemptions decline, other things being equal, Missouri net GR will also decline.

Together, we will see how these forces interact with each in the simulation model to produce projections of the immediate effects.

## *2.2 Total effect*

In order to conduct the analysis, we conduct experiments that project the immediate impact of the changes in the federal tax code. Projections are obtained from the MOSIM program. Table 1 is the Baseline projection using roughly 2.4 million Missouri individual income filings. The number in the right-hand column in the last row is the projected value of Missouri net GR for these filers. The Baseline projection reports that net GR is \$5,512.3 million in 2016.

To compute the immediate impact on Missouri net GR, we change the federal and state forms to coincide with the changes dictated by HR 1. Table 2 reports the projected net GR at \$5,454 million. We interpret the results as follows: If all filers behaved exactly as they did in 2016, the immediate impact of HR 1 would be to reduce Missouri's net GR by the difference of \$5,512.3 million less \$5,454 million, or \$58.3 million less is collected by Missouri from individual income taxes.

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<sup>3</sup> Note that amount of itemized deductions enter into Form MO-A on line 1 of Part 2.

### 2.3 Partial effects

In this section, we consider the impact of each major part of HR 1 in isolation. In other words, we hold everything else constant and consider the partial effect of one change at a time.

*2.3.1 Standard deduction:* We begin with the standard deduction. According to HR 1, standard deduction increases from \$6,350 to \$12,200 for singles, from \$12,700 to \$24,400 for married couples filing jointly, and from \$9,350 to \$18,300 for heads of household. Table 3 reports that \$4,947.3 million will be the value of net GR collected individual income taxes if the standard deduction is implemented and everything else is held constant. Therefore, if only the standard deduction is increased, Missouri net GR would decline by \$565 million, which is slightly more than six percent of the \$9 billion in total net GR collected in 2016. So, by itself, the federal change in the standard deduction would have a huge deleterious impact on Missouri state revenues.

Because the standard deduction impact is so large, we consider breaking out the impact if the federal standard deduction were constant and only the Missouri state standard deduction were increased. Table 4 reports that \$4,875.5 million would be collected from Missouri individual income if the state's standard deduction increased and the federal standard deduction were constant. By itself, an increase in the state's standard deduction would result in Missouri collecting \$636.8 million less in state individual income taxes. To complete the circle, suppose Missouri decoupled from the federal tax form in the sense that federal standard deductions increased while Missouri's standard deduction stayed constant. Table 5 reports that \$5,729 million would be collected in net GR from Missouri individual income taxes. By raising the federal standard deduction and decoupling, the immediate impact on Missouri net GR would realize an increase equal to \$216.7 million.

The results in Table 4 and 5 help us see how changes in federal tax code impact Missouri's net GR through the two channels described above. With only an increase in Missouri standard deduction, the amount of taxable income declines, resulting in lower revenues for Missouri. If Missouri decouples, however, we see that federal taxes paid will decline. Indeed, Missourians will deduct a smaller amount from their Missouri 1040 forms, resulting in an increase net GR collected from the individual income taxes.<sup>4</sup>

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<sup>4</sup> The astute reader will ask, why is the sum of the tax revenues increased with federal only and tax revenues decrease with state only not equal the tax revenue decrease reported in the full standard deduction analysis? The answer is that tax calculations are nonlinear. In particular, MOSIM allows people to switch from being filers who itemize to filers taking the standard deduction. With the federal standard deduction alone, many Missouri filers will switch to taking the standard deduction. By law, you must itemize on the federal form in order to itemize on the Missouri form. Therefore, when filers switch to take into the standard deduction, they cannot itemize on the Missouri form. Accordingly, none of the switchers can deduct the federal tax deduction from their Missouri taxes,

To further illustrate how the standard deduction operates in MOSIM, consider how MOSIM projects that people will change from itemizers to standard deduction. With HR 1, the simulation projects that 2,625,613 filers will take the new standard deduction, taking aggregate Missouri standard deductions worth approximately \$43.1 billion. The remaining 330,873 filers will continue to itemize, taking Missouri itemized deductions worth \$12.4 billion. Thus, the total deductions—standard and itemized—is projected to be \$55.5 billion. If the status quo is maintained, 2,132,482 filers would take the Missouri standard deduction worth \$18.4 billion while 824,003 filers would itemize, taking deductions worth \$20.2 billion. In the current tax law, aggregate standard and itemized deductions from Missouri filers is \$38.6 billion. Thus, the simulation results indicate that HR 1 affects net GR by inducing more Missouri filers to use the standard deduction. The amount deducted on Missouri forms increases by \$16.9 billion. If the average marginal tax rate is 3.66 percent, then the back-of-the-envelope impact on Missouri net GR is \$618.5 million reduction.<sup>5</sup> Note that this calculation is based exclusively on the increase in the Missouri standard deduction and does not include the impact that the increase in the federal standard deduction will have on Missouri net GR.

Because some blogs have asserted that the standard deduction will result in huge losses to Missouri net GR. To account for the validity of the value reported here, we provide an appendix to discuss the problems with simple back-of-the-envelope calculations.

*2.3.2 Exemptions:* Next, we consider the impact that eliminating the personal exemptions will have on Missouri tax collections. Table 6 reports the net GR collected from individual income taxes with federal and state personal exemptions eliminated. MOSIM projects that with no personal exemptions, Missouri net GR will increase to \$5,952.2 million. By eliminating the federal and state personal exemptions, Missouri's net GR will increase by \$439.2 million. Both the direct impact on Missouri-taxable-income channel and the indirect impact of lower federal-tax-deductions are operating in the no-exemptions experiment.

*2.3.3 State and local tax deductions:* HR 1 caps the amount the filers can deduct. Filers are constrained with the sum of income, sales and property taxes capped at \$10,000. Note that Missouri filers who itemize must add back their state and local income taxes deductions in MO-A form when deducted on the federal form (see line 3 in the worksheet in Part 2 of MO-A Form). This would seem to negate any impact on Missouri net GR; filers

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raising the tax bill by a larger amount than when the Missouri standard deduction is coupled with federal standard deduction.

<sup>5</sup> See Crader, G. Dean and Joseph H. Haslag, "Computing State Average Marginal Income Tax Rate: An Application to Missouri," Sept 2016.

no longer deduct the amount from their federal tax form, which would result in more federal taxes paid and larger itemized deductions but that impact is offset when the state and local tax deduction is added back.

Table 7 reports the net GR collected from individual income taxes with just the state and local tax deduction eliminated, projecting the immediate impact results in net GR equal to \$5,530 million. Thus, by capping the amount of state and local taxes that filers can deduct on their federal form, Missouri's net GR will increase by \$17.7 million. The cap on state and local taxes mean that the amount Missouri filers will deduct from their federal tax form will decline. In addition, for those who itemize, there will be a smaller amount presented on their itemized deductions.

*2.3.4 Child Care tax credit:* HR 1 increases the tax credit for child care from \$1,600 to \$2,000. In addition, \$1,400 is refundable, meaning that even if the filer owes zero federal taxes, they can received up to a \$1,400 refund from the child care tax credit. The phase out threshold for the child tax credit is also increased with married households seeing an increase from \$110,000 to \$230,000. In this case, the increase in the child-care tax credit means that the federal tax burden declines. With everything else constant, a decline in the federal tax burden means a smaller deduction for Missouri filers that itemize and taxable increases.

Table 8 reports the net GR collected from individual income taxes. With only the child-care tax credit changed, net GR is \$5,529.8 million. Thus, the impact on Missouri net GR is an increase of \$17.5 million

*2.3.5 20-percent pass-through income deduction:* HR 1 changes how income is treated from sole proprietorships, limited-liability corporations and S corporations. For so-called pass-through income, filers are permitted to deduct 20 percent from federal AGI. With a larger deduction, federal taxable income declines, meaning that federal tax burden declines. For Missouri filers, this means the amount deducted for federal income tax payments will also decline. Table 9 reports that with the 20-percent pass through deduction considered alone, Missouri net GR is projected to be \$5,515.9. By itself, the 20-percent pass through would add \$3.6 million to Missouri net GR.

*2.3.6 Tax rate brackets:* HR 1 also changes the federal tax rate brackets. Seven tax brackets remain with the rates ranging from 10 percent to 37 percent. Previously, the rates were between 10 percent and 39.6 percent. Tables 10 and 11 report the income brackets and rates for single filers and for married, filing jointly, respectively:

Table 12 reports the impact that changing the federal tax and income brackets would have Missouri net GR. With lower tax rates, the primary driver is that federal tax bills will decline. For Missouri, this means that the federal tax deduction will decrease and the individual income tax burden will increase. The

simulation reports that net GR from individual income is \$5,653.2. Thus, net GR increases by \$140.3 if the only thing that changes is the federal tax rate and income brackets.

*2.3.7 Lower threshold for medical deductions:* Beginning in 2018, filers will be able to deduct valid medical expenses that exceed 7.5 percent of federal AGI. We do not know how many filers who had medical expenses between 7.5 percent and 10 percent of federal AGI. We only know how many filers had medical expenses equal to at least 10 percent of federal AGI and itemized.

Table 13 reports the impact that this change to federal tax code would have on Missouri net GR when considered alone. The projections indicate that Missouri net GR will be \$5,474.2 million. Thus, Missouri net GR is projected to decline by \$36.1 million because of the decrease in the medical deduction threshold alone. While the increase in the medical deduction will reduce the amount of federal taxes deducted from Missouri filers, there will be a larger deduction claimed on the Missouri MO-A form. On balance, the net tax due will decline as Missouri filers taking this deduction will increase their itemized deductions and consequently reduce their tax burden.

Overall, we use the simulation model to project the immediate impact that HR 1 will have on state revenues collected from individual income taxes. It is possible to see the marginal impacts that each of the major pieces of HR 1, with respect to individual income, will have on Missouri net GR. Note that the switch from itemized to standard deductions that are allowed by MOSIM mean that the relationship between taxes collected and HR 1 is nonlinear. This means simply adding up the pieces will not generally be a good approximation of the entire bill.

### **3. Distributional Effects**

In this section, we characterize the immediate distributional impacts that HR 1 has on Missouri filers. The comparison focuses on the aggregate amount of net tax due in Tables 1 and 2 by the income class, which is the left-hand column in each table.

Based on the evidence presented in Tables 1 and 2, the Net Tax Due column indicates that the immediate distributional impact generally favors filers with Missouri Adjusted Gross Income less than \$100,000. Indeed, for each income group with Missouri AGI less than \$100,000, Aggregate Net Tax Due is smaller when computed under the rules of HR 1 compared with the current federal tax law. It follows that average Net Tax Due by each filer in these income groups will be lower. The results further indicate that the immediate impact on filers with Missouri AGI greater than \$100,000 pay more in Net Tax Due.

The biggest advantage appears to those with Missouri AGI between \$25,000 and \$30,000. The average immediate decrease in Net Tax Due for filers in this income group is \$151. Note that for those with Missouri AGI greater than \$1,000,000, the average decrease in Net Tax Due is \$191. The biggest losers are filers who report Missouri AGI greater than \$1,000,000. The average increase in Net Tax Due is \$4,792.

Tables 1 and 2 also indicate that the number of filers change across the income groups. The second-to-the-rightmost column reports the number of filers in each income class. One thing that the reader will see is that the total number of filers (with positive Net Tax Due) decreases from 2,329,772 under the current law to 2,195,055 with HR 1. The reason for the decline is simple. When the simulation model is executed, there are a number of Missouri filers—Tables 1 and 2 indicate 134,717 less—whose Net Tax Due is equal to zero under HR 1. MOSIM excludes filers with zero Net Tax Due from the analysis. A quick comparison shows that there are sometimes sharp reductions in the number of filers for those with Missouri AGI less than \$25,000. Such evidence is consistent with the notion that expanding the standard deduction will result in zero Missouri taxable income. Also note that the number of filers increases in each of nine separate income groups. Specifically, the number of filers in the \$55,000-\$60,000 group, the \$60,000-\$65,000 group, the \$65,000-\$70,000 group, the \$70,000-\$75,000 group, the \$75,000-\$100,000, the \$100,000-\$200,000 group, the \$200,000-\$500,000 group, the \$500,000-\$1,000,000 and the \$1,000,000 and more group. Note this is not a behavioral response. This reflects the changes in deductions and exemptions that are captured by the difference between federal AGI and Missouri AGI.

Overall, the evidence points to two changes in the distribution of individual income filers in Missouri that immediately occur because of HR 1. First, the distribution of filers shrinks in the sense that the number of filers with positive values of Net Tax Due declines. Second, filers in the with Missouri AGI less than \$100,000 immediately benefit from HR 1, those with Missouri AGI greater than \$100,000 will see increases in the Missouri individual income tax bill.

#### **4. Summary**

With HR 1 signed into law, Missouri's General Revenues will be affected. Using MOSIM, we project the immediate impact that HR 1 will have on net individual income taxes collected in Missouri. Here, the immediate impact answers the following question: if all Missourians reported income on their federal forms as they did in 2016, and the changes on the federal tax code were implemented, what would the net individual income taxes collected? MOSIM is flexible enough to address such changes as whether filers would itemize or take standard deductions. Switching is an important feature because the changes introduced by HR 1 affect the margin between itemizing and taking the standard deduction. Indeed with

the increase in the standard deduction and the new limits on types of itemized deductions, the switch will primarily work toward filers itemizing.

Our main finding is that Missouri net GR will decrease by \$58 million. Out of \$9 billion collected in net GR, the immediate impact results in a 0.6 percentage point decrease. It is critical to include two caveats to this analysis. In addition, we present evidence on the immediate distributional effects associated with HR 1. The evidence indicates that fewer Missouri filers are projected to owe individual income taxes and the chief beneficiaries are filers with incomes below \$100,000.

Two important caveats should be noted. First, because there is no behavioral change allowed in the simulation model, the total effect will be different than the simulation's projected impact. Indeed, perhaps the biggest part of HR1 is that it will lower the corporate income tax *rate*. The Heritage Foundation projects that lowering the corporate income tax rate would result in long-run real GDP growth increasing by as much as 0.8 percentage points, though sunset provisions would lower the long-run to around 0.4 percentage points. Second, there are references to huge, even catastrophic, revenue impacts if HR 1 is passed. We cannot find a source that explains the projected large, negative revenue impacts. We understand that the code used to conduct MOSIM is not available for others to verify. We have tried to be as transparent in our reporting as we can be. While the impact of the standard deduction alone is huge, there are other elements in the bill that must be considered. Indeed, these omissions mitigate the quantitatively large effect of the increase in the standard deduction that are projected. When all pieces are considered, the \$58 million reduction is important, no doubt, but the impact on net GR is not the \$800 million to \$1 billion which is being reported elsewhere.

### **Appendix: Comparing the Simulation to some back-of-the-envelope calculations**

The purpose of this appendix is explain why there are concerns with just adopting a simple back-of-the envelope calculation when attempting to quantify the impact that HR 1 will have on Missouri GR. We start with a simple equation. Formally, the General Revenue collections from the individual income tax can be represented as follows:

$$GR = \sum_{i=1}^N \tau (Y_i - DED_i - EXEMP_i) - CR_i \quad (A.1)$$

where *GR* stands for the amount of General Revenue collected from the Missouri individual income tax, *Y* stands for the amount of AGI, *DED* is the amount of deductions that filers claim on their Missouri tax form, *EXEMP* stands for the value of exemptions taken on the Missouri form, and *CR* is the value of tax

credits claimed by Missouri filers. To simplify, the terms inside the parentheses measure the amount of Missouri taxable income. Credits are taken against Missouri tax due and, therefore, are subtracted from the Gross Tax Due. The subscripts here denote individual filers, so Equation (A.1) sums across all filers, where  $N$  stands for the number of filers, to obtain the aggregate amount of taxes collected.

In our analysis, we are concentrating on the change in individual income taxes collected. Let  $\Delta$  be the difference operator; in other words, we compute the difference between amounts in the under the current law and the amounts computed as with HR 1 is implemented. Therefore,

$$\Delta GR = \sum_{i=1}^N \tau (\Delta Y_i - \Delta DED_i - \Delta EXEMP_i) - \Delta CR_i \quad (A.2)$$

Equation (A.2) shows how the changes in General Revenue collected from individual income taxes are calculated. As such, we use Equation (A.2) to conduct a back-of-the-envelope calculation. In particular, because the change in the standard deduction is quantitatively the largest single factor affecting Missouri GR, we consider how changing the Missouri standard alone by itself would affect individual income tax collections.

Consider the impact of the standard deduction in the following way. Suppose everyone gets an *increase* in their Missouri standard deduction equal to \$6,000. For now, hold the federal standard deduction constant. Here, we need the number of standard deductions that would be taken. Assume that a single filer takes one and joint filers take two. In 2016, the number of single and head-of-household filers totaled 1,518,399. The number of joint filers were 1,196,963, which corresponds to 2,393,926 deductions. Combined, the number of single, head-of-household, and joint filers would take 3,912,325 deductions. If

we multiply the number of deductions by \$6,000, then  $\sum_{i=1}^{3,912,325} DED_i = \$23,473,950,000$ . In other

words, the amount deducted from Missouri individual income would equal nearly \$23.4 billion. With  $\Delta Y_i = \Delta EXEMP_i = \Delta CR_i = 0$  for all filers, then we multiply the tax rate to obtain the back-of-the-envelope measure of the impact that the standard deduction would have on Missouri GR. Let  $\tau = 0.06$ . So, with this back-of-the-envelope calculation, we project that an increase in the standard deduction would result in Missouri GR declining by slightly more than \$1.4 billion. In addition, references have been made to a 2011 value from the EPARC Tax Expenditure Report which compares the dollar value of taxes freed with 2011 standard deductions relative to 1974 standard deductions. If Missouri approximately doubled its standard deductions, the increase in the amount of taxes freed would be about \$722 million. Both the back-of-the-envelope and the Tax Expenditure approach are comparable because

they allow standard deductions for Missouri to change, but hold everything else constant. In addition, both thought experiments fail to allow filers to switch in response to legal changes.

Armed with such calculations alone, the concerns associated with HR 1, and their impact on state revenues are very real. So why are the numbers reported in this white paper less dramatic. In the remainder of this appendix, we consider the key omissions that can account for why the \$1.4 billion impact on net GR is wrong. Besides ignoring other parts of the federal tax code, such analysis fails to consider how coupling with the federal standard deduction affects what Missouri filers will deduct in the form of federal tax payments and, perhaps more importantly uses the wrong marginal income tax rate. We treat various pieces of the omitted analysis in the following bullet points:

- The back-of-the-envelope calculation ignores the impact that occurs because federal and state standard deductions are coupled. As we reported earlier, the marginal immediate impact of the federal change to the standard deduction is to increase the collections from Missouri individual income by \$216 million. In Equation (A.2), note that the definition of income,  $Y$ , is negatively related to the size of the federal standard deduction. What is more quantitatively important, for filers itemizing, the amount of deductions,  $DED$ , is negatively related to federal income tax paid.
- Which leads us to another problem with the back-of-the-envelope calculation: it fails to take into account that Missourians itemize and do not all take the standard deduction. Under the current law, 824,003 filers itemize. For the sake of argument, assume that the distribution of filers who itemize is the same as the population of all filers. With 51.4 percent of filers as single and head of household and 40.5 percent as joint filers, this means that 1,090,980 will not take the standard deduction. So, instead of 3,912,325 taking the standard deduction, only 2,821,345 would take the change in the standard deduction. By taking itemizers out of the equation, the amount of revenue lost by the Missouri-only standard deduction declines by nearly \$393 million.
- In general, the average marginal tax rate in Missouri is not 6 percent. With HR 1 implemented, our projections indicate that 301,351 filers would cease paying individual income taxes. Obviously, the marginal tax rate for these filers is zero not 6 percent. The amount of individual income taxes collected from these filers equals \$84.4 million. In addition, 478,769 filers will continue to itemize, resulting the marginal tax rate for these folks being zero since they will not utilize the higher standard deduction.

- Consider a case in which one sets the average marginal tax rate at 3.66 percent. Next, recompute the projected decline in Missouri net GR using the back-of-the-envelope approach. The projected the decline in Missouri net GR is \$859,278,550.
- When you take into account the impact that coupling has because the federal standard deduction is positively related to Missouri net GR, the quantitative effect on Missouri net GR is roughly \$860 million less \$220 million equaling \$640 million.
- Overall, the calculation needs to take into account the changes in deductions, the average marginal tax rate, and other factors when considering the marginal impact of the change in that HR 1 has on the standard deduction and that marginal impact on Missouri net GR.

Missouri Individual Income Tax Simulation											
Projected to Year 2018											
Area = Statewide											
(dollar amounts in thousands)											
Missouri Adjusted											
Gross Income		Gross Tax Due		General Tax Credits		Outstate Tax Credits		Nonresident Tax Liability		Net Tax Due	
Class	Number	Amount	Number	Amount	Number	Amount	Number	Total	Missouri	Number	Amount
No Adjusted Gross Income	1	\$0	4,460	\$3,073	0	\$0	146	\$0	\$0	1	\$0
Under \$5,000	61,865	\$3,452	41,721	\$24,823	291	\$6	71,738	\$566,627	\$3,350	61,725	\$3,441
\$5,000 under \$10,000	85,904	\$7,222	17,090	\$7,865	2,265	\$44	35,318	\$256,967	\$5,894	84,992	\$7,165
\$10,000 under \$15,000	135,951	\$16,923	8,039	\$2,940	6,147	\$373	23,296	\$161,025	\$7,406	132,340	\$16,489
\$15,000 under \$20,000	162,777	\$35,462	2,430	\$917	7,256	\$1,032	17,376	\$117,454	\$8,466	159,790	\$34,372
\$20,000 under \$25,000	175,199	\$67,414	1,310	\$490	8,806	\$2,195	14,451	\$96,051	\$9,753	173,074	\$65,084
\$25,000 under \$30,000	167,342	\$97,698	836	\$265	9,451	\$3,602	12,591	\$155,748	\$10,957	165,718	\$94,001
\$30,000 under \$35,000	153,926	\$122,346	544	\$186	9,672	\$5,096	11,141	\$98,124	\$11,922	152,406	\$117,185
\$35,000 under \$40,000	135,226	\$135,522	523	\$213	9,373	\$6,295	10,120	\$74,376	\$12,965	133,640	\$129,130
\$40,000 under \$45,000	118,291	\$142,869	555	\$261	8,818	\$7,091	9,165	\$78,075	\$13,698	116,987	\$135,636
\$45,000 under \$50,000	105,404	\$149,295	582	\$270	8,293	\$7,371	8,306	\$65,480	\$14,203	104,315	\$141,762
\$50,000 under \$55,000	95,413	\$154,929	592	\$339	7,908	\$7,708	7,818	\$64,572	\$15,003	94,507	\$146,991
\$55,000 under \$60,000	86,648	\$158,889	653	\$376	7,461	\$7,885	6,952	\$53,222	\$14,873	85,928	\$150,715
\$60,000 under \$65,000	77,620	\$158,003	607	\$359	6,939	\$7,925	5,972	\$53,743	\$14,183	77,024	\$149,808
\$65,000 under \$70,000	70,957	\$159,405	563	\$320	6,625	\$7,893	5,436	\$47,286	\$14,077	70,477	\$151,266
\$70,000 under \$75,000	64,545	\$158,072	541	\$322	6,309	\$7,981	4,828	\$55,793	\$13,481	64,131	\$149,829
\$75,000 under \$100,000	249,941	\$758,204	2,785	\$1,888	27,219	\$39,827	17,347	\$189,810	\$59,283	248,765	\$716,799
\$100,000 under \$200,000	314,507	\$1,645,570	5,849	\$6,680	41,269	\$92,898	20,455	\$423,199	\$116,953	313,418	\$1,546,797
\$200,000 under \$500,000	75,169	\$962,749	4,103	\$12,787	11,609	\$48,603	6,510	\$343,451	\$89,647	74,722	\$902,494
\$500,000 under \$1,000,000	11,451	\$376,785	1,433	\$13,052	2,696	\$22,691	1,351	\$182,297	\$46,256	11,221	\$341,793
\$1,000,000 or more	4,869	\$656,823	1,258	\$72,081	1,804	\$77,255	591	\$417,619	\$84,121	4,591	\$511,534
<b>Total</b>	<b>2,353,006</b>	<b>\$5,967,632</b>	<b>96,474</b>	<b>\$149,507</b>	<b>190,211</b>	<b>\$353,771</b>	<b>290,908</b>	<b>\$3,500,919</b>	<b>\$566,491</b>	<b>2,329,772</b>	<b>\$5,512,291</b>

Table 2

Missouri Individual Income Tax Simulation

Projected to Year 2018

Area = Statewide  
(dollar amounts in thousands)

Missouri Adjusted	Gross Tax Due		General Tax Credits		Outstate Tax Credits		Nonresident Tax Liability			Net Tax Due	
Gross Income Class	Number	Amount	Number	Amount	Number	Amount	Number	Total	Missouri	Number	Amount
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
No Adjusted Gross Income	0	\$0	4,460	\$3,073	0	\$0	144	\$0	\$0	0	\$0
Under \$5,000	58,627	\$3,199	41,720	\$24,823	292	\$6	71,711	\$575,652	\$3,096	58,493	\$3,188
\$5,000 under \$10,000	67,727	\$6,511	17,090	\$7,865	2,262	\$44	35,301	\$258,819	\$5,316	67,276	\$6,459
\$10,000 under \$15,000	94,760	\$11,219	8,040	\$2,940	6,141	\$372	23,276	\$160,786	\$6,625	91,820	\$10,989
\$15,000 under \$20,000	131,176	\$22,234	2,430	\$917	7,248	\$1,031	17,390	\$119,729	\$7,622	127,120	\$21,503
\$20,000 under \$25,000	155,983	\$43,789	1,309	\$490	8,787	\$2,189	14,428	\$95,647	\$8,836	151,363	\$42,057
\$25,000 under \$30,000	162,012	\$72,291	837	\$266	9,446	\$3,598	12,585	\$156,049	\$10,062	157,666	\$69,175
\$30,000 under \$35,000	149,919	\$98,762	544	\$186	9,676	\$5,093	11,171	\$98,510	\$11,162	146,208	\$94,130
\$35,000 under \$40,000	133,609	\$115,807	523	\$213	9,376	\$6,301	10,130	\$73,950	\$12,294	130,427	\$109,851
\$40,000 under \$45,000	118,036	\$126,729	555	\$261	8,794	\$7,076	9,160	\$78,442	\$13,136	115,396	\$119,826
\$45,000 under \$50,000	105,395	\$135,889	582	\$270	8,292	\$7,362	8,307	\$65,888	\$13,775	103,443	\$128,601
\$50,000 under \$55,000	95,356	\$142,507	590	\$338	7,906	\$7,708	7,822	\$65,008	\$14,690	93,993	\$134,751
\$55,000 under \$60,000	86,618	\$148,124	655	\$377	7,473	\$7,898	6,950	\$53,246	\$14,660	86,000	\$140,077
\$60,000 under \$65,000	77,567	\$149,042	605	\$357	6,943	\$7,924	5,975	\$54,087	\$14,095	77,126	\$140,974
\$65,000 under \$70,000	70,876	\$152,088	562	\$320	6,629	\$7,888	5,440	\$47,495	\$14,073	70,535	\$144,063
\$70,000 under \$75,000	64,503	\$152,464	543	\$323	6,305	\$7,978	4,831	\$56,795	\$13,555	64,230	\$144,317
\$75,000 under \$100,000	249,777	\$750,272	2,786	\$1,889	27,218	\$39,834	17,360	\$192,000	\$60,352	249,056	\$709,087
\$100,000 under \$200,000	314,497	\$1,684,455	5,849	\$6,680	41,307	\$92,988	20,474	\$431,263	\$120,707	313,924	\$1,585,564
\$200,000 under \$500,000	75,226	\$1,012,026	4,103	\$12,787	11,617	\$48,648	6,511	\$346,361	\$90,912	74,972	\$951,224
\$500,000 under \$1,000,000	11,464	\$400,035	1,433	\$13,052	2,696	\$22,694	1,351	\$183,303	\$46,365	11,323	\$364,432
\$1,000,000 or more	4,875	\$680,844	1,258	\$72,081	1,804	\$77,255	591	\$413,684	\$84,082	4,684	\$533,734
<b>Total</b>	<b>2,228,003</b>	<b>\$5,908,287</b>	<b>96,474</b>	<b>\$149,508</b>	<b>190,212</b>	<b>\$353,887</b>	<b>290,908</b>	<b>\$3,526,714</b>	<b>\$565,415</b>	<b>2,195,055</b>	<b>\$5,454,002</b>

Table 3

Simulation: New Standard Deductions BOTH MISSOURI AND FEDERAL ONLY

Missouri Individual Income Tax Simulation

Projected to Year 2018

Area = Statewide  
(dollar amounts in thousands)

Missouri Adjusted	Gross Tax Due		General Tax Credits		Outstate Tax Credits		Nonresident Tax Liability			Net Tax Due	
Gross Income Class	Number	Amount	Number	Amount	Number	Amount	Number	Total	Missouri	Number	Amount
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
No Adjusted Gross Income	0	\$0	4,460	\$3,073	0	\$0	146	\$0	\$0	0	\$0
Under \$5,000	55,127	\$2,881	41,721	\$24,823	291	\$6	71,738	\$555,024	\$2,781	54,992	\$2,871
\$5,000 under \$10,000	65,266	\$5,889	17,090	\$7,865	2,265	\$44	35,318	\$250,494	\$4,707	64,814	\$5,838
\$10,000 under \$15,000	48,492	\$9,200	8,039	\$2,940	6,147	\$373	23,296	\$155,886	\$5,799	47,728	\$9,032
\$15,000 under \$20,000	108,411	\$14,462	2,430	\$917	7,256	\$1,032	17,376	\$113,074	\$6,635	103,947	\$14,017
\$20,000 under \$25,000	118,433	\$30,142	1,310	\$490	8,806	\$2,195	14,451	\$91,961	\$7,748	113,980	\$28,886
\$25,000 under \$30,000	137,381	\$51,949	836	\$265	9,451	\$3,602	12,591	\$151,860	\$8,809	132,167	\$49,546
\$30,000 under \$35,000	140,952	\$74,298	544	\$186	9,672	\$5,096	11,141	\$94,555	\$9,789	135,754	\$70,523
\$35,000 under \$40,000	129,761	\$91,195	523	\$213	9,373	\$6,295	10,120	\$71,037	\$10,895	125,030	\$86,100
\$40,000 under \$45,000	115,958	\$103,292	555	\$261	8,818	\$7,091	9,165	\$75,104	\$11,805	111,870	\$97,129
\$45,000 under \$50,000	104,819	\$113,574	582	\$270	8,293	\$7,371	8,306	\$62,920	\$12,512	101,520	\$106,913
\$50,000 under \$55,000	95,067	\$121,573	592	\$339	7,908	\$7,708	7,818	\$62,283	\$13,444	92,372	\$114,346
\$55,000 under \$60,000	86,377	\$128,432	653	\$376	7,461	\$7,885	6,952	\$51,250	\$13,507	84,239	\$120,826
\$60,000 under \$65,000	77,359	\$130,487	607	\$359	6,939	\$7,925	5,972	\$52,159	\$13,070	75,939	\$122,759
\$65,000 under \$70,000	70,721	\$134,308	563	\$320	6,625	\$7,893	5,436	\$45,962	\$13,102	69,792	\$126,592
\$70,000 under \$75,000	64,350	\$135,342	541	\$322	6,309	\$7,981	4,828	\$54,695	\$12,641	63,576	\$127,481
\$75,000 under \$100,000	249,239	\$675,492	2,785	\$1,888	27,219	\$39,827	17,347	\$186,647	\$56,750	247,177	\$635,363
\$100,000 under \$200,000	314,107	\$1,576,092	5,849	\$6,680	41,269	\$92,898	20,455	\$421,508	\$115,444	312,693	\$1,478,093
\$200,000 under \$500,000	75,169	\$958,311	4,103	\$12,787	11,609	\$48,603	6,510	\$343,401	\$89,592	74,713	\$898,084
\$500,000 under \$1,000,000	11,451	\$376,529	1,433	\$13,052	2,696	\$22,691	1,351	\$182,282	\$46,245	11,221	\$341,543
\$1,000,000 or more	4,869	\$656,683	1,258	\$72,081	1,804	\$77,255	591	\$417,612	\$84,109	4,590	\$511,393
<b>Total</b>	<b>2,073,309</b>	<b>\$5,390,131</b>	<b>96,474</b>	<b>\$149,507</b>	<b>190,211</b>	<b>\$353,771</b>	<b>290,908</b>	<b>\$3,439,714</b>	<b>\$539,384</b>	<b>2,028,114</b>	<b>\$4,947,335</b>

Table 4

Simulation: New Standard Deductions MISSOURI ONLY

Missouri Individual Income Tax Simulation

Projected to Year 2018

Area = Statewide  
(dollar amounts in thousands)

Missouri Adjusted

Gross Income Class	Gross Tax Due		General Tax Credits		Outstate Tax Credits		Nonresident Tax Liability			Net Tax Due	
	Number	Amount	Number	Amount	Number	Amount	Number	Total	Missouri	Number	Amount
No Adjusted Gross Income	0	\$0	4,460	\$3,073	0	\$0	146	\$0	\$0	0	\$0
Under \$5,000	54,790	\$2,824	41,721	\$24,823	291	\$6	71,738	\$553,335	\$2,724	54,657	\$2,814
\$5,000 under \$10,000	65,033	\$5,776	17,090	\$7,865	2,265	\$44	35,318	\$249,605	\$4,593	64,581	\$5,724
\$10,000 under \$15,000	43,978	\$9,030	8,039	\$2,940	6,147	\$373	23,296	\$155,211	\$5,644	43,477	\$8,863
\$15,000 under \$20,000	106,120	\$13,319	2,430	\$917	7,256	\$1,032	17,376	\$112,486	\$6,442	101,593	\$12,921
\$20,000 under \$25,000	116,188	\$27,280	1,310	\$490	8,806	\$2,195	14,451	\$91,412	\$7,523	111,631	\$26,138
\$25,000 under \$30,000	136,294	\$47,703	836	\$265	9,451	\$3,602	12,591	\$151,342	\$8,569	130,870	\$45,464
\$30,000 under \$35,000	140,027	\$69,570	544	\$186	9,672	\$5,096	11,141	\$94,027	\$9,528	134,636	\$65,980
\$35,000 under \$40,000	128,592	\$86,285	523	\$213	9,373	\$6,295	10,120	\$70,518	\$10,620	123,661	\$81,403
\$40,000 under \$45,000	115,366	\$98,335	555	\$261	8,818	\$7,091	9,165	\$74,637	\$11,536	111,055	\$92,392
\$45,000 under \$50,000	104,429	\$108,865	582	\$270	8,293	\$7,371	8,306	\$62,492	\$12,256	100,935	\$102,395
\$50,000 under \$55,000	94,966	\$117,657	592	\$339	7,908	\$7,708	7,818	\$61,876	\$13,196	92,102	\$110,560
\$55,000 under \$60,000	86,317	\$124,508	653	\$376	7,461	\$7,885	6,952	\$50,901	\$13,280	83,994	\$117,028
\$60,000 under \$65,000	77,311	\$126,497	607	\$359	6,939	\$7,925	5,972	\$51,863	\$12,870	75,702	\$118,892
\$65,000 under \$70,000	70,686	\$130,349	563	\$320	6,625	\$7,893	5,436	\$45,683	\$12,916	69,614	\$122,750
\$70,000 under \$75,000	64,326	\$131,454	541	\$322	6,309	\$7,981	4,828	\$54,460	\$12,479	63,471	\$123,707
\$75,000 under \$100,000	249,130	\$659,007	2,785	\$1,888	27,219	\$39,827	17,347	\$185,867	\$56,188	246,809	\$619,333
\$100,000 under \$200,000	314,092	\$1,567,191	5,849	\$6,680	41,269	\$92,898	20,455	\$420,881	\$115,017	312,567	\$1,469,319
\$200,000 under \$500,000	75,169	\$957,237	4,103	\$12,787	11,609	\$48,603	6,510	\$343,244	\$89,493	74,712	\$897,015
\$500,000 under \$1,000,000	11,451	\$376,413	1,433	\$13,052	2,696	\$22,691	1,351	\$182,257	\$46,228	11,221	\$341,428
\$1,000,000 or more	4,869	\$656,644	1,258	\$72,081	1,804	\$77,255	591	\$417,600	\$84,105	4,590	\$511,358
<b>Total</b>	<b>2,059,134</b>	<b>\$5,315,944</b>	<b>96,474</b>	<b>\$149,507</b>	<b>190,211</b>	<b>\$353,771</b>	<b>290,908</b>	<b>\$3,429,697</b>	<b>\$535,207</b>	<b>2,011,878</b>	<b>\$4,875,484</b>

Table 5

Simulation: New Standard Deductions FEDERAL ONLY

Missouri Individual Income Tax Simulation

Projected to Year 2018

Area = Statewide  
(dollar amounts in thousands)

Missouri Adjusted

Gross Income Class	Gross Tax Due		General Tax Credits		Outstate Tax Credits		Nonresident Tax Liability			Net Tax Due	
	Number	Amount	Number	Amount	Number	Amount	Number	Total	Missouri	Number	Amount
No Adjusted Gross Income	0	\$0	4,460	\$3,073	0	\$0	146	\$0	\$0	0	\$0
Under \$5,000	61,925	\$3,587	41,721	\$24,823	291	\$6	71,738	\$571,760	\$3,488	61,784	\$3,576
\$5,000 under \$10,000	86,048	\$7,467	17,090	\$7,865	2,265	\$44	35,318	\$259,423	\$6,150	85,133	\$7,410
\$10,000 under \$15,000	137,184	\$17,834	8,039	\$2,940	6,147	\$373	23,296	\$162,853	\$7,745	133,641	\$17,383
\$15,000 under \$20,000	165,769	\$38,338	2,430	\$917	7,256	\$1,032	17,376	\$119,011	\$8,865	163,080	\$37,201
\$20,000 under \$25,000	176,700	\$72,322	1,310	\$490	8,806	\$2,195	14,451	\$97,455	\$10,209	175,348	\$69,965
\$25,000 under \$30,000	169,015	\$104,348	836	\$265	9,451	\$3,602	12,591	\$157,056	\$11,455	168,244	\$100,622
\$30,000 under \$35,000	155,121	\$130,258	544	\$186	9,672	\$5,096	11,141	\$99,550	\$12,513	154,567	\$125,063
\$35,000 under \$40,000	135,660	\$144,286	523	\$213	9,373	\$6,295	10,120	\$75,824	\$13,623	135,246	\$137,852
\$40,000 under \$45,000	118,468	\$152,118	555	\$261	8,818	\$7,091	9,165	\$79,504	\$14,397	118,130	\$144,842
\$45,000 under \$50,000	105,489	\$158,642	582	\$270	8,293	\$7,371	8,306	\$66,923	\$14,952	105,142	\$151,066
\$50,000 under \$55,000	95,487	\$163,847	592	\$339	7,908	\$7,708	7,818	\$66,039	\$15,802	95,071	\$155,874
\$55,000 under \$60,000	86,700	\$167,886	653	\$376	7,461	\$7,885	6,952	\$54,585	\$15,649	86,366	\$159,679
\$60,000 under \$65,000	77,685	\$166,965	607	\$359	6,939	\$7,925	5,972	\$54,993	\$14,929	77,371	\$158,744
\$65,000 under \$70,000	71,008	\$168,391	563	\$320	6,625	\$7,893	5,436	\$48,509	\$14,826	70,741	\$160,224
\$70,000 under \$75,000	64,600	\$166,997	541	\$322	6,309	\$7,981	4,828	\$56,900	\$14,183	64,338	\$158,729
\$75,000 under \$100,000	250,147	\$802,143	2,785	\$1,888	27,219	\$39,827	17,347	\$194,234	\$62,311	249,406	\$760,632
\$100,000 under \$200,000	314,565	\$1,716,783	5,849	\$6,680	41,269	\$92,898	20,455	\$427,852	\$120,575	313,769	\$1,617,867
\$200,000 under \$500,000	75,169	\$968,886	4,103	\$12,787	11,609	\$48,603	6,510	\$343,899	\$89,961	74,733	\$908,616
\$500,000 under \$1,000,000	11,451	\$377,076	1,433	\$13,052	2,696	\$22,691	1,351	\$182,361	\$46,295	11,221	\$342,082
\$1,000,000 or more	4,869	\$656,923	1,258	\$72,081	1,804	\$77,255	591	\$417,639	\$84,128	4,593	\$511,621
<b>Total</b>	<b>2,363,060</b>	<b>\$6,185,097</b>	<b>96,474</b>	<b>\$149,507</b>	<b>190,211</b>	<b>\$353,771</b>	<b>290,908</b>	<b>\$3,536,370</b>	<b>\$582,056</b>	<b>2,347,924</b>	<b>\$5,729,048</b>

Table 6

Simulation: No Exemptions ONLY

Missouri Individual Income Tax Simulation

Projected to Year 2018

Area = Statewide  
(dollar amounts in thousands)

Missouri Adjusted

Gross Income Class	Gross Tax Due		General Tax Credits		Outstate Tax Credits		Nonresident Tax Liability			Net Tax Due	
	Number	Amount	Number	Amount	Number	Amount	Number	Total	Missouri	Number	Amount
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
No Adjusted Gross Income	0	\$0	4,460	\$3,073	0	\$0	146	\$0	\$0	0	\$0
Under \$5,000	66,022	\$3,903	41,721	\$24,823	291	\$6	71,738	\$578,075	\$3,801	65,884	\$3,892
\$5,000 under \$10,000	136,795	\$9,900	17,090	\$7,865	2,265	\$44	35,318	\$262,870	\$6,831	134,287	\$9,799
\$10,000 under \$15,000	187,370	\$28,279	8,039	\$2,940	6,147	\$373	23,296	\$165,387	\$8,563	184,374	\$27,693
\$15,000 under \$20,000	193,381	\$59,005	2,430	\$917	7,256	\$1,032	17,376	\$120,970	\$9,675	191,726	\$57,767
\$20,000 under \$25,000	184,781	\$94,051	1,310	\$490	8,806	\$2,195	14,451	\$99,092	\$10,996	184,045	\$91,638
\$25,000 under \$30,000	171,807	\$125,650	836	\$265	9,451	\$3,602	12,591	\$158,557	\$12,249	171,506	\$121,890
\$30,000 under \$35,000	156,195	\$148,766	544	\$186	9,672	\$5,096	11,141	\$100,734	\$13,197	156,054	\$143,549
\$35,000 under \$40,000	136,105	\$158,899	523	\$213	9,373	\$6,295	10,120	\$76,802	\$14,207	135,988	\$152,446
\$40,000 under \$45,000	118,755	\$163,644	555	\$261	8,818	\$7,091	9,165	\$80,353	\$14,899	118,636	\$156,353
\$45,000 under \$50,000	105,708	\$169,085	582	\$270	8,293	\$7,371	8,306	\$67,571	\$15,358	105,621	\$161,495
\$50,000 under \$55,000	95,663	\$173,548	592	\$339	7,908	\$7,708	7,818	\$66,574	\$16,146	95,584	\$165,558
\$55,000 under \$60,000	86,847	\$176,325	653	\$376	7,461	\$7,885	6,952	\$55,045	\$15,940	86,775	\$168,103
\$60,000 under \$65,000	77,776	\$174,093	607	\$359	6,939	\$7,925	5,972	\$55,348	\$15,135	77,722	\$165,857
\$65,000 under \$70,000	71,074	\$174,425	563	\$320	6,625	\$7,893	5,436	\$48,782	\$14,990	71,024	\$166,245
\$70,000 under \$75,000	64,680	\$172,086	541	\$322	6,309	\$7,981	4,828	\$57,150	\$14,332	64,639	\$163,805
\$75,000 under \$100,000	250,359	\$816,476	2,785	\$1,888	27,219	\$39,827	17,347	\$194,961	\$62,680	250,212	\$774,910
\$100,000 under \$200,000	314,750	\$1,736,409	5,849	\$6,680	41,269	\$92,898	20,455	\$429,865	\$121,755	314,467	\$1,637,312
\$200,000 under \$500,000	75,176	\$986,112	4,103	\$12,787	11,609	\$48,603	6,510	\$345,661	\$91,291	74,840	\$925,668
\$500,000 under \$1,000,000	11,452	\$380,375	1,433	\$13,052	2,696	\$22,691	1,351	\$182,754	\$46,589	11,232	\$345,306
\$1,000,000 or more	4,869	\$658,309	1,258	\$72,081	1,804	\$77,255	591	\$417,799	\$84,243	4,594	\$512,923
<b>Total</b>	<b>2,509,565</b>	<b>\$6,409,340</b>	<b>96,474</b>	<b>\$149,507</b>	<b>190,211</b>	<b>\$353,771</b>	<b>290,908</b>	<b>\$3,564,350</b>	<b>\$592,877</b>	<b>2,499,210</b>	<b>\$5,952,209</b>

Table 7

Simulation: State and Local Taxes Deduction capped at \$10K ONLY

Missouri Individual Income Tax Simulation

Projected to Year 2018

Area = Statewide  
(dollar amounts in thousands)

Missouri Adjusted

Gross Income Class	Gross Tax Due		General Tax Credits		Outstate Tax Credits		Nonresident Tax Liability			Net Tax Due	
	Number	Amount	Number	Amount	Number	Amount	Number	Total	Missouri	Number	Amount
No Adjusted Gross Income	0	\$0	4,460	\$3,073	0	\$0	146	\$0	\$0	0	\$0
Under \$5,000	61,828	\$3,470	41,721	\$24,823	291	\$6	71,738	\$589,259	\$3,371	61,688	\$3,460
\$5,000 under \$10,000	85,747	\$7,242	17,090	\$7,865	2,265	\$44	35,318	\$266,035	\$5,926	84,838	\$7,184
\$10,000 under \$15,000	135,944	\$16,943	8,039	\$2,940	6,147	\$373	23,296	\$165,524	\$7,443	132,334	\$16,509
\$15,000 under \$20,000	162,776	\$35,488	2,430	\$917	7,256	\$1,032	17,376	\$123,645	\$8,503	159,789	\$34,398
\$20,000 under \$25,000	175,206	\$67,435	1,310	\$490	8,806	\$2,195	14,451	\$98,411	\$9,791	173,084	\$65,105
\$25,000 under \$30,000	167,354	\$97,719	836	\$265	9,451	\$3,602	12,591	\$160,802	\$10,994	165,732	\$94,022
\$30,000 under \$35,000	153,942	\$122,379	544	\$186	9,672	\$5,096	11,141	\$101,327	\$11,964	152,425	\$117,218
\$35,000 under \$40,000	135,234	\$135,554	523	\$213	9,373	\$6,295	10,120	\$75,920	\$13,001	133,648	\$129,163
\$40,000 under \$45,000	118,300	\$142,897	555	\$261	8,818	\$7,091	9,165	\$80,452	\$13,737	116,997	\$135,663
\$45,000 under \$50,000	105,414	\$149,332	582	\$270	8,293	\$7,371	8,306	\$67,263	\$14,242	104,326	\$141,798
\$50,000 under \$55,000	95,420	\$154,968	592	\$339	7,908	\$7,708	7,818	\$66,320	\$15,045	94,515	\$147,030
\$55,000 under \$60,000	86,657	\$158,930	653	\$376	7,461	\$7,885	6,952	\$54,017	\$14,912	85,937	\$150,755
\$60,000 under \$65,000	77,629	\$158,053	607	\$359	6,939	\$7,925	5,972	\$54,715	\$14,222	77,033	\$149,859
\$65,000 under \$70,000	70,962	\$159,458	563	\$320	6,625	\$7,893	5,436	\$48,004	\$14,116	70,482	\$151,319
\$70,000 under \$75,000	64,550	\$158,135	541	\$322	6,309	\$7,981	4,828	\$57,543	\$13,527	64,138	\$149,892
\$75,000 under \$100,000	249,973	\$758,570	2,785	\$1,888	27,219	\$39,827	17,347	\$192,943	\$59,478	248,803	\$717,164
\$100,000 under \$200,000	314,554	\$1,647,141	5,849	\$6,680	41,269	\$92,898	20,455	\$434,138	\$117,583	313,490	\$1,548,355
\$200,000 under \$500,000	75,186	\$966,845	4,103	\$12,787	11,609	\$48,603	6,510	\$352,806	\$90,993	74,765	\$906,520
\$500,000 under \$1,000,000	11,456	\$380,045	1,433	\$13,052	2,696	\$22,691	1,351	\$187,790	\$47,109	11,248	\$344,964
\$1,000,000 or more	4,875	\$665,220	1,258	\$72,081	1,804	\$77,255	591	\$424,399	\$86,003	4,607	\$519,590
<b>Total</b>	<b>2,353,007</b>	<b>\$5,985,824</b>	<b>96,474</b>	<b>\$149,507</b>	<b>190,211</b>	<b>\$353,771</b>	<b>290,908</b>	<b>\$3,601,313</b>	<b>\$571,960</b>	<b>2,329,879</b>	<b>\$5,529,968</b>

Table 8

Simulation: Child Tax Credit Base increased to \$2K ONLY

Missouri Individual Income Tax Simulation

Projected to Year 2018

Area = Statewide  
(dollar amounts in thousands)

Missouri Adjusted

Gross Income Class	Gross Tax Due		General Tax Credits		Outstate Tax Credits		Nonresident Tax Liability			Net Tax Due	
	Number	Amount	Number	Amount	Number	Amount	Number	Total	Missouri	Number	Amount
No Adjusted Gross Income	0	\$0	4,460	\$3,073	0	\$0	146	\$0	\$0	0	\$0
Under \$5,000	61,765	\$3,449	41,721	\$24,823	291	\$6	71,738	\$566,698	\$3,349	61,624	\$3,438
\$5,000 under \$10,000	85,728	\$7,209	17,090	\$7,865	2,265	\$44	35,318	\$257,010	\$5,893	84,817	\$7,152
\$10,000 under \$15,000	135,931	\$16,909	8,039	\$2,940	6,147	\$373	23,296	\$161,064	\$7,408	132,320	\$16,475
\$15,000 under \$20,000	162,766	\$35,455	2,430	\$917	7,256	\$1,032	17,376	\$117,507	\$8,468	159,779	\$34,365
\$20,000 under \$25,000	175,205	\$67,409	1,310	\$490	8,806	\$2,195	14,451	\$96,071	\$9,758	173,083	\$65,080
\$25,000 under \$30,000	167,345	\$97,762	836	\$265	9,451	\$3,602	12,591	\$155,771	\$10,964	165,725	\$94,065
\$30,000 under \$35,000	153,926	\$122,692	544	\$186	9,672	\$5,096	11,141	\$98,141	\$11,927	152,437	\$117,528
\$35,000 under \$40,000	135,226	\$136,076	523	\$213	9,373	\$6,295	10,120	\$74,404	\$12,973	133,742	\$129,679
\$40,000 under \$45,000	118,291	\$143,499	555	\$261	8,818	\$7,091	9,165	\$78,100	\$13,704	117,099	\$136,262
\$45,000 under \$50,000	105,405	\$150,015	582	\$270	8,293	\$7,371	8,306	\$65,489	\$14,208	104,423	\$142,476
\$50,000 under \$55,000	95,414	\$155,775	592	\$339	7,908	\$7,708	7,818	\$64,583	\$15,009	94,597	\$147,832
\$55,000 under \$60,000	86,650	\$159,883	653	\$376	7,461	\$7,885	6,952	\$53,237	\$14,879	86,030	\$151,701
\$60,000 under \$65,000	77,622	\$159,145	607	\$359	6,939	\$7,925	5,972	\$53,754	\$14,188	77,110	\$150,943
\$65,000 under \$70,000	70,957	\$160,628	563	\$320	6,625	\$7,893	5,436	\$47,298	\$14,082	70,534	\$152,481
\$70,000 under \$75,000	64,546	\$159,347	541	\$322	6,309	\$7,981	4,828	\$55,802	\$13,485	64,173	\$151,096
\$75,000 under \$100,000	249,941	\$764,470	2,785	\$1,888	27,219	\$39,827	17,347	\$189,861	\$59,301	248,878	\$723,029
\$100,000 under \$200,000	314,507	\$1,649,170	5,849	\$6,680	41,269	\$92,898	20,455	\$423,265	\$116,963	313,497	\$1,550,368
\$200,000 under \$500,000	75,169	\$962,747	4,103	\$12,787	11,609	\$48,603	6,510	\$343,479	\$89,658	74,722	\$902,492
\$500,000 under \$1,000,000	11,451	\$376,797	1,433	\$13,052	2,696	\$22,691	1,351	\$182,307	\$46,260	11,221	\$341,805
\$1,000,000 or more	4,869	\$656,837	1,258	\$72,081	1,804	\$77,255	591	\$417,619	\$84,120	4,591	\$511,543
<b>Total</b>	<b>2,352,714</b>	<b>\$5,985,274</b>	<b>96,474</b>	<b>\$149,507</b>	<b>190,211</b>	<b>\$353,771</b>	<b>290,908</b>	<b>\$3,501,460</b>	<b>\$566,597</b>	<b>2,330,402</b>	<b>\$5,529,810</b>

Table 9

Simulation: Pass-Through Income Deduction of 20% ONLY

Missouri Individual Income Tax Simulation

Projected to Year 2018

Area = Statewide  
(dollar amounts in thousands)

Missouri Adjusted

Gross Income Class	Gross Tax Due		General Tax Credits		Outstate Tax Credits		Nonresident Tax Liability			Net Tax Due	
	Number	Amount	Number	Amount	Number	Amount	Number	Total	Missouri	Number	Amount
No Adjusted Gross Income	0	\$0	4,460	\$3,073	0	\$0	146	\$0	\$0	0	\$0
Under \$5,000	61,766	\$3,450	41,721	\$24,823	291	\$6	71,738	\$566,795	\$3,350	61,625	\$3,439
\$5,000 under \$10,000	85,737	\$7,213	17,090	\$7,865	2,265	\$44	35,318	\$257,048	\$5,895	84,828	\$7,156
\$10,000 under \$15,000	135,942	\$16,940	8,039	\$2,940	6,147	\$373	23,296	\$161,077	\$7,409	132,340	\$16,506
\$15,000 under \$20,000	162,786	\$35,515	2,430	\$917	7,256	\$1,032	17,376	\$117,522	\$8,468	159,804	\$34,425
\$20,000 under \$25,000	175,209	\$67,506	1,310	\$490	8,806	\$2,195	14,451	\$96,079	\$9,758	173,096	\$65,175
\$25,000 under \$30,000	167,355	\$97,817	836	\$265	9,451	\$3,602	12,591	\$155,770	\$10,962	165,738	\$94,119
\$30,000 under \$35,000	153,937	\$122,483	544	\$186	9,672	\$5,096	11,141	\$98,145	\$11,927	152,426	\$117,322
\$35,000 under \$40,000	135,229	\$135,684	523	\$213	9,373	\$6,295	10,120	\$74,404	\$12,971	133,651	\$129,291
\$40,000 under \$45,000	118,291	\$143,043	555	\$261	8,818	\$7,091	9,165	\$78,103	\$13,704	116,990	\$135,810
\$45,000 under \$50,000	105,407	\$149,471	582	\$270	8,293	\$7,371	8,306	\$65,492	\$14,209	104,321	\$141,937
\$50,000 under \$55,000	95,417	\$155,099	592	\$339	7,908	\$7,708	7,818	\$64,587	\$15,010	94,516	\$147,159
\$55,000 under \$60,000	86,649	\$159,065	653	\$376	7,461	\$7,885	6,952	\$53,239	\$14,878	85,933	\$150,889
\$60,000 under \$65,000	77,626	\$158,183	607	\$359	6,939	\$7,925	5,972	\$53,756	\$14,188	77,029	\$149,988
\$65,000 under \$70,000	70,957	\$159,592	563	\$320	6,625	\$7,893	5,436	\$47,300	\$14,082	70,479	\$151,452
\$70,000 under \$75,000	64,546	\$158,263	541	\$322	6,309	\$7,981	4,828	\$55,805	\$13,486	64,132	\$150,020
\$75,000 under \$100,000	249,946	\$759,139	2,785	\$1,888	27,219	\$39,827	17,347	\$189,875	\$59,305	248,778	\$717,730
\$100,000 under \$200,000	314,506	\$1,646,259	5,849	\$6,680	41,269	\$92,898	20,455	\$423,305	\$116,972	313,423	\$1,547,483
\$200,000 under \$500,000	75,169	\$962,800	4,103	\$12,787	11,609	\$48,603	6,510	\$343,521	\$89,676	74,724	\$902,542
\$500,000 under \$1,000,000	11,451	\$376,853	1,433	\$13,052	2,696	\$22,691	1,351	\$182,319	\$46,269	11,221	\$341,856
\$1,000,000 or more	4,869	\$656,847	1,258	\$72,081	1,804	\$77,255	591	\$417,619	\$84,121	4,591	\$511,552
<b>Total</b>	<b>2,352,795</b>	<b>\$5,971,222</b>	<b>96,474</b>	<b>\$149,507</b>	<b>190,211</b>	<b>\$353,771</b>	<b>290,908</b>	<b>\$3,501,761</b>	<b>\$566,640</b>	<b>2,329,645</b>	<b>\$5,515,851</b>

**Table 10**

<b>Single Filer</b>			
<b>Current Law</b>		<b>Tax Cuts and Jobs Act</b>	
<b>10%</b>	\$0-\$9,525	10%	\$0-\$9,525
<b>15%</b>	\$9,525-\$38,700	12%	\$9,525-\$38,700
<b>25%</b>	\$38,700-\$93,700	22%	\$38,700-\$82,500
<b>28%</b>	\$93,700-\$195,450	24%	\$82,500-\$157,500
<b>33%</b>	\$195,450-\$424,950	32%	\$157,500-\$200,000
<b>35%</b>	\$424,950-\$426,700	35%	\$200,000-\$500,000
<b>39.6%</b>	\$426,700+	37%	\$500,000+

**Table 11**

<b>Married, filing jointly</b>			
	<b>Current Law</b>	<b>Tax Cuts</b>	<b>and Jobs Act</b>
<b>10%</b>	\$0-\$19,050	10%	\$0-\$19,050
<b>15%</b>	\$19,050-\$77,400	12%	\$19,050-\$77,400
<b>25%</b>	\$77,400-\$156,150	22%	\$77,400-\$165,000
<b>28%</b>	\$156,150-\$237,950	24%	\$165,000-\$315,000
<b>33%</b>	\$237,950-\$424,950	32%	\$315,000-\$400,000
<b>35%</b>	\$424,950-\$480,050	35%	\$400,000-\$600,000
<b>39.60%</b>	\$480,050+	37%	\$600,000+

Note: The Head of Household filing status is retained, with a separate bracket schedule.

Table 12

Simulation: New Tax Rate Structure ONLY											
Missouri Individual Income Tax Simulation											
Projected to Year 2018											
Area = Statewide (dollar amounts in thousands)											
Missouri Adjusted											
Gross Income Class	Gross Tax Due		General Tax Credits		Outstate Tax Credits		Nonresident Tax Liability			Net Tax Due	
-----	Number	Amount	Number	Amount	Number	Amount	Number	Total	Missouri	Number	Amount
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
No Adjusted Gross Income	0	\$0	4,460	\$3,073	0	\$0	146	\$0	\$0	0	\$0
Under \$5,000	61,778	\$3,533	41,721	\$24,823	291	\$6	71,738	\$577,304	\$3,432	61,640	\$3,522
\$5,000 under \$10,000	85,733	\$7,373	17,090	\$7,865	2,265	\$44	35,318	\$261,871	\$6,043	84,838	\$7,316
\$10,000 under \$15,000	135,937	\$17,204	8,039	\$2,940	6,147	\$373	23,296	\$164,150	\$7,602	132,396	\$16,767
\$15,000 under \$20,000	162,776	\$36,158	2,430	\$917	7,256	\$1,032	17,376	\$119,818	\$8,699	159,953	\$35,060
\$20,000 under \$25,000	175,224	\$69,162	1,310	\$490	8,806	\$2,195	14,451	\$97,997	\$10,031	173,865	\$66,820
\$25,000 under \$30,000	167,363	\$100,707	836	\$265	9,451	\$3,602	12,591	\$158,691	\$11,273	166,517	\$96,994
\$30,000 under \$35,000	153,945	\$126,405	544	\$186	9,672	\$5,096	11,141	\$100,099	\$12,269	153,370	\$121,221
\$35,000 under \$40,000	135,254	\$140,252	523	\$213	9,373	\$6,295	10,120	\$75,956	\$13,346	134,788	\$133,828
\$40,000 under \$45,000	118,311	\$148,045	555	\$261	8,818	\$7,091	9,165	\$79,709	\$14,095	117,977	\$140,782
\$45,000 under \$50,000	105,418	\$154,562	582	\$270	8,293	\$7,371	8,306	\$66,863	\$14,603	105,145	\$146,995
\$50,000 under \$55,000	95,428	\$159,313	592	\$339	7,908	\$7,708	7,818	\$65,927	\$15,414	95,108	\$151,341
\$55,000 under \$60,000	86,652	\$163,226	653	\$376	7,461	\$7,885	6,952	\$54,362	\$15,273	86,314	\$155,020
\$60,000 under \$65,000	77,643	\$162,458	607	\$359	6,939	\$7,925	5,972	\$54,855	\$14,555	77,332	\$154,233
\$65,000 under \$70,000	70,975	\$164,069	563	\$320	6,625	\$7,893	5,436	\$48,265	\$14,438	70,699	\$155,898
\$70,000 under \$75,000	64,563	\$162,920	541	\$322	6,309	\$7,981	4,828	\$56,888	\$13,818	64,314	\$154,646
\$75,000 under \$100,000	250,024	\$783,962	2,785	\$1,888	27,219	\$39,827	17,347	\$193,550	\$60,685	249,414	\$742,424
\$100,000 under \$200,000	314,519	\$1,680,234	5,849	\$6,680	41,269	\$92,898	20,455	\$430,670	\$119,117	313,915	\$1,581,228
\$200,000 under \$500,000	75,169	\$979,277	4,103	\$12,787	11,609	\$48,603	6,510	\$349,380	\$91,216	74,783	\$918,868
\$500,000 under \$1,000,000	11,451	\$383,353	1,433	\$13,052	2,696	\$22,691	1,351	\$185,469	\$47,102	11,237	\$348,224
\$1,000,000 or more	4,869	\$667,999	1,258	\$72,081	1,804	\$77,255	591	\$424,702	\$85,551	4,608	\$522,007
<b>Total</b>	<b>2,353,032</b>	<b>\$6,110,212</b>	<b>96,474</b>	<b>\$149,507</b>	<b>190,211</b>	<b>\$353,771</b>	<b>290,908</b>	<b>\$3,566,526</b>	<b>\$578,562</b>	<b>2,338,213</b>	<b>\$5,653,194</b>

Table 13

Simulation: Medical Itemized Deduction Increase ONLY

Missouri Individual Income Tax Simulation

Projected to Year 2018

Area = Statewide  
(dollar amounts in thousands)

Missouri Adjusted

Gross Income Class	Gross Tax Due		General Tax Credits		Outstate Tax Credits		Nonresident Tax Liability			Net Tax Due	
	Number	Amount	Number	Amount	Number	Amount	Number	Total	Missouri	Number	Amount
No Adjusted Gross Income	0	\$0	4,460	\$3,073	0	\$0	146	\$0	\$0	0	\$0
Under \$5,000	61,701	\$3,386	41,721	\$24,823	291	\$6	71,738	\$550,941	\$3,287	61,559	\$3,376
\$5,000 under \$10,000	85,699	\$7,111	17,090	\$7,865	2,265	\$44	35,318	\$249,809	\$5,796	84,786	\$7,055
\$10,000 under \$15,000	135,845	\$16,791	8,039	\$2,940	6,147	\$373	23,296	\$156,769	\$7,295	132,232	\$16,357
\$15,000 under \$20,000	162,562	\$35,304	2,430	\$917	7,256	\$1,032	17,376	\$114,086	\$8,343	159,583	\$34,216
\$20,000 under \$25,000	174,961	\$67,182	1,310	\$490	8,806	\$2,195	14,451	\$93,675	\$9,618	172,842	\$64,855
\$25,000 under \$30,000	167,126	\$97,373	836	\$265	9,451	\$3,602	12,591	\$151,545	\$10,809	165,493	\$93,680
\$30,000 under \$35,000	153,715	\$121,912	544	\$186	9,672	\$5,096	11,141	\$95,565	\$11,745	152,178	\$116,756
\$35,000 under \$40,000	135,060	\$134,984	523	\$213	9,373	\$6,295	10,120	\$72,604	\$12,769	133,448	\$128,598
\$40,000 under \$45,000	118,191	\$142,230	555	\$261	8,818	\$7,091	9,165	\$76,065	\$13,473	116,863	\$135,005
\$45,000 under \$50,000	105,347	\$148,570	582	\$270	8,293	\$7,371	8,306	\$63,869	\$13,948	104,228	\$141,046
\$50,000 under \$55,000	95,359	\$154,103	592	\$339	7,908	\$7,708	7,818	\$62,873	\$14,711	94,427	\$146,174
\$55,000 under \$60,000	86,617	\$158,016	653	\$376	7,461	\$7,885	6,952	\$51,937	\$14,577	85,875	\$149,850
\$60,000 under \$65,000	77,573	\$157,108	607	\$359	6,939	\$7,925	5,972	\$52,418	\$13,879	76,955	\$148,921
\$65,000 under \$70,000	70,930	\$158,493	563	\$320	6,625	\$7,893	5,436	\$46,039	\$13,759	70,430	\$150,362
\$70,000 under \$75,000	64,530	\$157,151	541	\$322	6,309	\$7,981	4,828	\$54,197	\$13,158	64,089	\$148,917
\$75,000 under \$100,000	249,853	\$753,856	2,785	\$1,888	27,219	\$39,827	17,347	\$184,493	\$57,731	248,618	\$712,484
\$100,000 under \$200,000	314,440	\$1,636,092	5,849	\$6,680	41,269	\$92,898	20,455	\$410,952	\$113,470	313,286	\$1,537,398
\$200,000 under \$500,000	75,162	\$956,384	4,103	\$12,787	11,609	\$48,603	6,510	\$333,731	\$87,053	74,692	\$896,198
\$500,000 under \$1,000,000	11,453	\$373,871	1,433	\$13,052	2,696	\$22,691	1,351	\$177,188	\$45,044	11,212	\$338,931
\$1,000,000 or more	4,870	\$648,959	1,258	\$72,081	1,804	\$77,255	591	\$406,502	\$81,950	4,585	\$504,063
<b>Total</b>	<b>2,350,994</b>	<b>\$5,928,876</b>	<b>96,474</b>	<b>\$149,507</b>	<b>190,211</b>	<b>\$353,771</b>	<b>290,908</b>	<b>\$3,405,258</b>	<b>\$552,415</b>	<b>2,327,381</b>	<b>\$5,474,242</b>