

Missouri Historical Tax Summary

January 2009

APPENDIX A

Historical Summary of Missouri General Fund Tax Rate and Base Adjustments

Tax Rate and Base Adjustments

Sales and Use Taxes

Prior to the first quarter of 1970, sales and use taxes were remitted on a quarterly basis. Beginning with January 1970 sales tax collections, sales and use taxes were remitted to the state on a monthly basis.

Sales tax payments were accelerated again effective February 1984, with larger payers remitting on a weekly basis.

The Missouri use tax became effective in the third quarter of 1959. The first use tax receipts were received in the fourth quarter of 1959. Data prior to this date have been estimated by the State and Regional Fiscal Studies Unit (SRFSU).

The Missouri sales tax rate was increased from 2 percent to 3 percent effective in the fourth quarter of 1963. The higher tax rate was first reflected in the first quarter 1964 collections.

The rate was temporarily increased to 3.2 percent effective Oct. 1, 1989. The higher rate expired June 30, 1990.

Residential sales of electricity, water, natural gas and other utilities were exempted from the sales tax base effective Jan. 1, 1980. The estimated fiscal year 1979-80 revenue loss was \$20 million. The estimated calendar year 1980 revenue loss was \$45 million, with an additional \$5 million loss for the 1981 calendar year.

Effective Jan. 1, 1980, one-half of the sales tax on motor vehicles was transferred to the State Highway Fund.

Effective Nov. 1, 1998, sales of food for home consumption were exempted from the General Fund portion of the sales tax base. Calendar year 1998 revenue loss was \$28.4 million.

Sales and Use Tax		
Effective Date	Tax Rates	
	General Revenue	Total
January 15, 1934	0.5%	0.5%
August 27, 1935	1.0%	1.0%
June 8, 1937	2.0%	2.0%
October 13, 1963	3.0%	3.0%
July 1, 1977	3.0%	3.125% ¹
January 1, 1983	3.0%	4.125% ²
July 1, 1985	3.0%	4.225% ³
October 1, 1989	3.2%	4.425%
July 1, 1990	3.0%	4.225%

¹ 0.125% Conservation
² 1.00% Proposition C
³ 0.100% Parks & Soil

Selected Excise Taxes

Cigarettes

Effective Date	Tax Rate <i>mils per cigarette</i>
January 1, 1956	\$0.001
May 1, 1961	\$0.002
July 15, 1969	\$0.0045
August 13, 1982	\$0.0065
October 1, 1993	\$0.0085

All Other Tobacco Products

Effective Date	Tax Rate <i>percent</i>
October 1, 1993	10%

Gasoline

Effective Date	Tax Rate <i>per gallon</i>
January 1, 1925	\$0.02
August 15, 1951	\$0.03
March 6, 1962	\$0.05
August 13, 1972	\$0.07
June 1, 1987	\$0.11
April 1, 1992	\$0.13
April 1, 1994	\$0.15
April 1, 1996	\$0.17

Special Fuels

Effective Date	Tax Rate <i>per gallon</i>
August 1, 1952	\$0.03
March 6, 1962	\$0.05
August 13, 1972	\$0.07
June 1, 1987	\$0.11
April 1, 1992	\$0.13
April 1, 1994	\$0.15
April 1, 1996	\$0.17

Alcohol

Effective Date	Tax Rates		
	Liquor <i>per gallon</i>	Beer <i>per barrel¹</i>	Wine <i>per gallon</i>
December 28, 1933	\$0.80	\$1.00	\$0.20 ² - \$0.40 ³
May 9, 1935	\$0.80	\$0.62	\$0.02 ⁴ - \$0.10 ⁵
October 13, 1961	\$1.20	\$0.93	\$0.15
January 1, 1971	\$2.00	\$1.92	\$0.30 ⁶
August 28, 2002	\$2.00	\$1.92	\$0.42

¹ One barrel equals 32 gallons.

² Light Wine - not to exceed 12% alcohol

³ Fortified Wine - 12% and over

⁴ Light Wine - not to exceed 14% alcohol

⁵ Fortified Wine - 14% and over

⁶ Additional tax rate changes, 8/28/1983 - 8/27/1989 was \$0.34, 8/28/1989 - 8/27/2002 was \$0.36.

Income Taxes

Individual Income Taxes

Prior to the fourth quarter of 1961, withholding and quarterly declarations were not required. The first withholding receipts were collected in the fourth quarter of 1961, and the first quarterly declarations were received in the first quarter of 1962. Detailed income tax payments, both individual and corporate, prior to 1967 were estimated by SRFSU.

Prior to the first quarter of 1973, withholding collections were remitted to the state on a quarterly basis. Beginning with the first quarter of 1973, withholding was remitted on a monthly basis.

Withholding payments for large withholders were accelerated to a weekly basis effective November 1982.

For the period 1950-1984, Missouri has had only the following two income tax rate schedules.

The next major change in the base of the individual income tax occurred effective Jan. 1, 1973. In essence, the Missouri income tax law was made compatible with the federal base, with such items as sick-pay and moving expenses being excluded from adjusted gross income.

Prior to 1989, all qualified state pensions were exempt from the individual income tax. Effective July 1, 1989, federal civil service and military pensions were also exempted and all pension income deductions were limited. In 1991, University of Missouri pensions were exempted, and in 1998, a five-year private pension phase-in began.

Effective Jan. 1, 1994, the individual federal income tax deduction was capped at \$5,000 on a single taxpayer's return and \$10,000 on a combined return.

Individual Income Tax		
Effective Date	Tax Rate	
July 1, 1917	0.5%	
May 26, 1919	1.5%	
August 21, 1921	1.0%	
	Taxable Income	Marginal Tax Rate
January 1, 1931	0 - 1,000	1.0%
	1,000 - 2,000	1.5%
	2,000 - 3,000	2.0%
	3,000 - 5,000	2.5%
	5,000 - 7,000	3.0%
	7,000 - 9,000	3.5%
	9,000 or more	4.0%
January 1, 1971	0 - 1,000	1.5%
	1,000 - 2,000	2.0%
	2,000 - 3,000	2.5%
	3,000 - 4,000	3.0%
	4,000 - 5,000	3.5%
	5,000 - 6,000	4.0%
	6,000 - 7,000	4.5%
	7,000 - 8,000	5.0%
	8,000 - 9,000	5.5%
	9,000 or more	6.0%

Standard Deduction Amounts

Year	Single Return	Head of Household	Married	
			Filing Joint	Filing Separate
1989	\$3,100	\$4,550	\$5,200	\$2,600
1990	\$3,250	\$4,750	\$5,450	\$2,725
1991	\$3,400	\$5,000	\$5,700	\$2,850
1992	\$3,600	\$5,250	\$6,000	\$3,000
1993	\$3,700	\$5,450	\$6,200	\$3,100
1994	\$3,800	\$5,600	\$6,350	\$3,175
1995	\$3,900	\$5,750	\$6,550	\$3,275
1996	\$4,000	\$5,900	\$6,700	\$3,350
1997	\$4,150	\$6,050	\$6,900	\$3,450
1998	\$4,250	\$6,250	\$7,100	\$3,550
1999	\$4,300	\$6,350	\$7,200	\$3,600
2000	\$4,400	\$6,450	\$7,350	\$3,675
2001	\$4,550	\$6,650	\$7,600	\$3,800
2002	\$4,700	\$6,900	\$7,850	\$3,925
2003	\$4,750	\$7,000	\$7,950	\$3,975
2004	\$4,850	\$7,150	\$9,700	\$4,850
2005	\$5,000	\$7,300	\$10,000	\$5,000
2006	\$5,150	\$7,550	\$10,300	\$5,150
2007	\$5,350	\$7,850	\$10,700	\$5,350
2008	\$5,450	\$8,000	\$10,900	\$5,450

Income Limitations for the Senior Citizen's Property Tax Credit

Year	Maximum Income		Minimum Income ¹	Maximum Credit
	Single	Combined		
1983	\$10,000	\$10,500	\$3,000	\$500
1984	\$11,000	\$11,500	\$3,400	\$500
1985	\$11,500	\$12,000	\$3,700	\$750
1986	\$12,000	\$12,500	\$3,900	\$750
1987	\$12,500	\$13,000	\$4,100	\$750
1988	\$13,000	\$13,500	\$4,300	\$750
1989	\$13,500	\$15,500	\$5,000	\$750
1990	\$14,000	\$16,000	\$5,300	\$750
1991	\$14,500	\$16,500	\$5,500	\$750
1992	\$15,000	\$17,000	\$5,900	\$750
1993	\$15,000	\$17,000	\$5,900	\$750
1994	\$15,000	\$17,000	\$5,900	\$750
1995	\$15,000	\$17,000	\$5,900	\$750
1996	\$15,000	\$17,000	\$5,900	\$750
1997	\$15,000	\$17,000	\$5,900	\$750
1998	\$25,000	\$27,000	\$13,000	\$750
1999	\$25,000	\$27,000	\$13,000	\$750
2000	\$25,000	\$27,000	\$13,000	\$750
2001	\$25,000	\$27,000	\$13,000	\$750
2002	\$25,000	\$27,000	\$13,000	\$750
2003	\$25,000	\$27,000	\$13,000	\$750
2004	\$25,000	\$27,000	\$13,000	\$750
2005	\$25,000	\$27,000	\$13,000	\$750
2006	\$25,000	\$27,000	\$13,000	\$750
2007	\$25,000	\$27,000	\$13,000	\$750
2008 ²	\$27,500/\$30,000	\$29,500/\$34,000	\$14,300	\$750/\$1,100

¹Individuals with this amount or lower received the full amount of tax/rent paid not to exceed the maximum credit for that year.

²In 2008, new legislation gave an additional increase to applicants who were non-renting and owned and occupied their home the entire year

Corporation Income Taxes

As with the individual income tax, quarterly declarations were not required until 1970. The first corporate declarations were received in the second quarter of 1970.

The tax rate on Missouri corporate taxable income was raised from 2 percent to 5 percent effective Jan. 1, 1971. The percentage of annual tax liability to be paid on quarterly declarations was increased from 70 percent to 80 percent effective Jan. 1, 1973, and from 80 percent to 90 percent effective January 1984. Also, effective Jan. 1, 1984, large corporations were required to make declarations on the basis of their prior year tax liability instead of their estimated profits.

Effective Jan. 1, 1990, a new temporary corporate tax rate schedule was adopted for a two-year period. Beginning Sept. 1, 1998, the tax rate was increased from 5 percent to 6.25 percent.

Effective Sept. 1, 1993, the corporate federal income tax deduction was capped at 50 percent.

Corporation Income Tax		
Effective Date	Tax Rate	
July 1, 1917	0.5%	
May 26, 1919	1.5%	
August 21, 1921	1.0%	
January 1, 1931	2.0%	
January 1, 1971	5.0%	
	Taxable Income	Marginal Tax Rate
January 1, 1990	0 - 100,000	5.0%
	100,000 - 335,000	6.0%
	335,000 or more	6.5%
January 1, 1992		5.0%
September 1, 1993		6.25%

County Foreign Insurance Tax

Prior to July 1, 1965, one-half of the county foreign insurance tax was apportioned to counties for free textbooks in public schools.

A special transfer was made to the county foreign insurance tax during the 1979-80 fiscal year of \$7 million. The estimated 1980 calendar year new revenues from this transfer were also \$7 million. Quarterly estimates were initiated effective January 1983.

County Foreign Insurance Tax	
Effective Date	Tax Rate
March 20, 1895	2%

Corporation Franchise Tax

Corporation franchise tax payments were accelerated effective the second quarter of 1970.

Corporation franchise tax payments were again accelerated effective the third quarter of 1980. The estimated new revenues from this change in the collection pattern were \$4 million for both the 1980 calendar year and the 1980-81 fiscal year.

Corporation Franchise Tax

Effective Date	Tax Rate
June 18, 1917	0.7500%
August 7, 1919	0.1000%
November 2, 1921	0.0500%
January 1, 2000	0.0333%

Inheritance Tax

Inheritance tax payments were accelerated in the last half of the 1971 calendar year as a result of an acceleration of the Federal Estate Tax.

The inheritance tax was repealed effective Jan. 1, 1981. Collections after this date reflect both estate settlements for previous years and the newly enacted State Estate Tax. Unlike the Inheritance Tax, it is assessed on the estate itself as opposed to the beneficiaries.

Inheritance Tax

Effective June 18, 1917 - December 31, 1979

Value of Property	Marginal Tax Rate				
	<i>Relationship Type</i>				
	1	2	3	4	5
\$100 - \$20,000	1%	3%	3%	4%	5%
\$20,000 - \$40,000	2%	6%	6%	8%	10%
\$40,000 - \$80,000	3%	9%	9%	12%	15%
\$80,000 - \$200,000	4%	12%	12%	16%	20%
\$200,000 - \$400,000	5%	15%	15%	20%	25%
\$400,000 and over	6%	18%	18%	24%	30%

Relationship Type

1 - Husband, wife, children

2 - Brother, sister, nephew, niece, son-in-law, daughter-in-law

3 - Aunt, uncle, first cousins

4 - Other family

5 - Non-family

The current Missouri estate tax became effective January 1, 1981, as a replacement for the inheritance tax for individuals who died after that date. Like the old inheritance tax, it is a levy against the taxable estate of the decedent. Unlike the inheritance tax, however, it is assessed on the estate itself as opposed to the beneficiaries.

The tax base for the Missouri tax is derived from the Federal Estate Tax Return. The base for the Missouri estate tax is the federal credit for state death taxes in the derivation of the federal tax. The Missouri tax is this amount less any inheritance or estate taxes paid to other states.

Other than the size of the taxable estate and federal tax rates, the two factors that bear directly on the Missouri estate tax are the amount of the Unified Credit (or equivalent exemption amount) and the Credit for State Death Taxes.

The size of the Federal Unified Credit determines the floor for the Missouri tax since all estates less than this amount are exempt. This credit is presented in Figure 1 for years since the enactment of the current Missouri statute.

For taxable estates, those greater than the Unified Credit, the Missouri estate tax is simply calculated as shown in Figure 3.

Pursuant to federal estate tax changes, the Credit for State Death Taxes will be reduced by 25% beginning in 2002. This implies that the estate tax receipts will decline to zero in fiscal year 2006. The Federal tax law completely reverts in 2011 to what it was prior to the enactment of the Estate Tax repeal, unless changes are made to the law before then.

Figure 1 Derivation of Federal Estate Tax

Gross Estate	Value of all real and personal properties, financial assets and life insurance
<i>less</i>	
Allowable Deductions	Funeral and administration expenses Debt Mortgages and liens Bequest to surviving spouse Charitable and public bequests
<i>equals</i>	
Taxable Estate	
<i>plus</i>	
Adjusted Taxable Gifts	
<i>equals</i>	
Taxable Estate/Gift Base	Multiplied by effective tax rate
<i>equals</i>	
Tentative Tax	
<i>plus</i>	
Maximum of \$552,000	
Additional Tax on Estates	
Over \$10,000,000	
<i>equals</i>	
Total Tentative Tax	
<i>less</i>	
Allowable Unified Credit	
<i>less</i>	
Credit for State Death Taxes	
<i>less</i>	
Other Credits	
<i>equals</i>	
Net Estate Tax	

Federal Unified Rate Schedule

Column A Taxable Amount Over	Column B Taxable Amount Not Over	Column C Tax on Amount in Column A	Column D Rate of Tax on Excess Over Amount in Column A
0	\$10,000	0	18%
\$10,000	\$20,000	\$1,800	20%
\$20,000	\$40,000	\$3,800	22%
\$40,000	\$60,000	\$8,200	24%
\$60,000	\$80,000	\$13,000	26%
\$80,000	\$100,000	\$18,200	28%
\$100,000	\$150,000	\$23,800	30%
\$150,000	\$250,000	\$38,800	32%
\$250,000	\$500,000	\$70,800	34%
\$500,000	\$750,000	\$155,800	37%
\$750,000	\$1,000,000	\$248,300	39%
\$1,000,000	\$1,250,000	\$345,800	41%
\$1,250,000	\$1,500,000	\$448,300	43%
\$1,500,000	\$2,000,000	\$555,800	45%
\$2,000,000	\$2,500,000	\$780,800	49%
\$2,500,000	\$3,000,000	\$1,025,800	53%
\$3,000,000	\$10,000,000	\$1,290,800	55%

Federal Unified Credit

Year of Death	Unified Credit Effective Exemption
1985	\$400,000
1986	\$500,000
1987 - 1997	\$600,000
1998	\$625,000
1999	\$650,000
2000 - 2001	\$675,000
2002 - 2003	\$1,000,000
2004	\$1,500,000
2005	\$1,500,000
2006	\$2,000,000
2007	\$2,000,000
2008	\$2,000,000
2009	\$3,500,000
2010 - Tax is Repealed	0 (taxes fully repealed)
2011	\$1,000,000 (old rules restored)

Figure 2 Maximum Credit for State Death Taxes¹

Adjusted Taxable Estate Equal to but Less Than	Credit on Amount in Column (1)	Rate of Credit on Excess Over Amount in Column (1)
0 - \$40,000	0	None
\$40,000 - \$90,000	0	0.8%
\$90,000 - \$140,000	\$400	1.6%
\$140,000 - \$240,000	\$1,200	2.4%
\$240,000 - \$440,000	\$3,600	3.2%
\$440,000 - \$640,000	\$10,000	4.0%
\$640,000 - \$840,000	\$18,000	4.8%
\$840,000 - \$1,040,000	\$27,600	5.6%
\$1,040,000 - \$1,540,000	\$38,800	6.4%
\$1,540,000 - \$2,040,000	\$70,800	7.2%
\$2,040,000 - \$2,540,000	\$106,800	8.0%
\$2,540,000 - \$3,040,000	\$146,800	8.8%
\$3,040,000 - \$3,540,000	\$190,800	9.6%
\$3,540,000 - \$4,040,000	\$238,800	10.4%
\$4,040,000 - \$5,040,000	\$290,800	11.2%
\$5,040,000 - \$6,040,000	\$402,800	12.0%
\$6,040,000 - \$7,040,000	\$522,800	12.8%
\$7,040,000 - \$8,040,000	\$650,800	13.6%
\$8,040,000 - \$9,040,000	\$786,800	14.4%
\$9,040,000 - \$10,040,000	\$930,800	15.2%
\$10,040,000 - Over	\$1,082,800	16.0%

¹ Based on Federal adjusted taxable estate which is the Federal taxable estate reduced by \$60,000. The maximum credit for state death taxes has been reduced to 75% of the previously allowed amount for decedents dying in 2002. The maximum credit for state death taxes has been reduced to 50% of the previously allowed amount for decedents dying in 2003. The maximum credit for state death taxes has been reduced to 25% of the previously allowed amount for decedents dying in 2004.

Figure 3 Derivation of Missouri Estate Tax

<i>Prior to 2005</i>	<i>2005 and later</i>
Federal Credit for State Death Taxes <i>less</i> Other State Estate Taxes <i>equals</i> Missouri Estate Tax	No Estate Tax