



Why the “fair tax” is especially unfair for Missouri’s seniors!

Missouri’s lawmakers are discussing constitutional amendments (HJR56, HJR71 and SJR29) that would drastically change who pays taxes and how much they pay. These changes would eliminate individual and corporate income taxes and replace them with a greatly expanded sales tax. To make up for the taxes eliminated, the proposal would increase both the statewide sales tax rate (**how much we pay**) and the sales tax base (**what we pay taxes on**). Missouri’s new statewide sales tax rate (not counting any current local taxes) would rise from 4.22 percent to an estimated 11 percent. The expanded sales tax would apply to virtually everything Missouri consumers buy, with the sole exception of higher education tuition and fees.

How an expanded sales tax will hurt Missouri seniors

Most goods and services, including those not currently taxed, would be taxed under the newly increased sales tax, including many services important to senior citizens. Some examples are:

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| *Nursing home and in-home medical care | *Utilities |
| *Visits to the doctor or dentist | *Food and prescription drugs |
| *Health and auto insurance | *Services provided by funeral homes |
| *Hearing aids and prosthetics | *Haircuts, car repair and home repairs |
| *Veterinary services for pets | *Lawyers’ services and financial advice |

- Taxing these products and services at an increased rate would place a particular burden on Missouri’s seniors. **Missouri seniors who require nursing home services would pay, at minimum, \$2,640 in tax for assisted living, and \$7,040 in tax for nursing home care.**
- Seniors with fixed incomes would see their monthly living costs like food, utilities, prescription drugs, increase.
- Tax discounts that help seniors would be eliminated. For example, the proposal would eliminate all tax credits, including the Senior Citizen Circuit Breaker, which helps offset seniors’ local property taxes.
- Because seniors would lose current tax deductions and exemptions, and they tend to spend a larger portion of their income on expenses that would become taxed under this proposal, **seniors will end up paying a much greater share of their income in tax**
- **Many low income seniors do not currently pay income tax. They have nothing to gain by eliminating income taxes. THIS IS AN “UNFAIR” TAX!**

During these difficult economic times, it is especially risky for Missouri to make such a drastic move to rely only on sales tax revenue to fund education, health care and services to seniors.

For more information go to the Missouri Budget Project website www.mobudget.org.