



**Kansas Legislative Research Department**

*Providing nonpartisan, objective research and fiscal analysis for the Kansas Legislature since 1934*

68-West-Statehouse | 300 SW 10th Ave. | Topeka, Kansas 66612-1504  
(785) 296-3181

kslegres@klrd.ks.gov

kslegislature.org/klrd

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**To:** Senator David Haley  
**From:** Edward Penner, Principal Research Analyst  
**Re:** Local Earnings and Related Taxes

This memorandum provides information concerning local earnings taxes and related taxes of selected regional states and specific information concerning the Kansas City, Missouri, earnings tax.

### **Selected State Local Earnings and Related Taxes**

#### ***Colorado***

Colorado authorizes cities to impose local occupational privilege taxes, which are flat amount taxes required to be paid by qualifying employees and employers each month. Employees are subject to the tax upon earning at least a minimum amount of gross wages per month within the city imposing the tax. The minimum gross wages range from \$250 to \$500 per month.

The combined employee and employer tax ranges from \$4.00 to \$9.75 per month.

Five cities impose occupational privilege taxes: Denver, Aurora, Glendale, Greenwood, and Sheridan.

#### ***Iowa***

Iowa authorizes local income surtaxes for school districts and counties. School district income surtaxes are limited to specific discretionary educational programs and are taxes in lieu of property taxes. County local income surtaxes are limited to emergency medical services financing.

Of the 328 school districts in Iowa, 279 levy a local income surtax. One county levies a local income surtax.

## **Missouri**

Missouri authorizes cities that imposed an earnings tax as of November 2, 2010, to continue to impose earnings taxes of up to 1.0 percent of salaries and wages of individuals and net profits of businesses.

Two Missouri cities impose earnings taxes: Kansas City and St. Louis.

### **Kansas City, Missouri, Earnings Tax**

Kansas City, Missouri, has imposed an earnings tax since 1963. The tax rate was initially set at 0.5 percent and was raised to 1.0 percent in 1970. It has remained at 1.0 percent since that time.

Missouri law requires local earnings taxes to be reauthorized by an election every five years. The most recent election reauthorizing the Kansas City earnings tax was held in April 2021 and was approved by the voters by a vote of 77.3 percent to 22.7 percent.

For city fiscal year 2023-2024, the earnings tax is expected to generate \$305.3 million, or 22.4 percent of all government activities funds, making it the second largest revenue source for the city of Kansas City, Missouri.