

**Missouri Budget Project E-News  
Federal and State Policy Update  
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**1. Senate approves budget**

On Wednesday the Senate approved the budget bills with few changes to the Senate Appropriations Committee's recommendations. (These were summarized in last week's E-News. If you missed it, you can find the information on the Missouri Budget Project web site.)

The most hotly debated issue was funding the Career Ladder program for teachers in HB2002. The S Appropriations Committee recommended no funding for this. The House funded it with general revenue. HB2002 was amended in the floor debate to include funding for the Careers Ladder program. But the source of funds is the federal enhanced Medicaid money the state expects to receive. When the bill goes to a Conference Committee, the differences need to be ironed out.

The Senate also restored \$15 million for Higher Education that the Appropriations Committee recommended cutting. Doing this allows the agreement among the Governor and Higher Education Institutions (limited cuts in exchange for no tuition increases) to stand.

As the budget debate wore on, the heat of debate dissipated. By the time that the budgets for mental health and social services were discussed, a few questions were asked, but no substantial amendments were offered.

The next step in the budget process is the appointment of a Conference Committee that will reconcile the differences between the budget bills passed by the House and Senate. The Conference Committee work is likely to begin next week.

**2. Supplemental appropriations bill signed by the Governor**

The Governor signed the supplemental appropriations bill, HB2014, this week. Last week the House approved the bill after a long and contentious debate about how the 2 percent cut in the Foundation Formula (about \$43 million) would be shared by school districts. The bill sent to the Governor had language in it that would exempt the "hold harmless" school districts from cuts. The Governor had the last word however, and vetoed that language. All districts will feel the pinch of the \$43 million cut in the current fiscal year.

**3. Proposals to reorganize state government are considered**

Several bills that seek to find cost savings within Department budgets have had action this week.

**SB1014 (Bartle)**, which would reduce Missouri's prison population by allowing individuals who have pled to or were found guilty of a Class D felony (and have fewer than 2 prior felony convictions) to be sentenced to drug court, probation, or a county jail, was passed by the Senate on 4/15.

**SB1057 (Shields)** also proposes changes and sets up Commissions to make recommendations about reorganizing departments and programs in ways that are more efficient and less costly. The bill merges the Water Patrol with the State Highway Patrol. It transfers the Division of Alcohol and Tobacco Control from the Department of Public Safety to the Department of Revenue. Responsibility to assure that sales of alcohol and tobacco are not made to minors is shifted to local law enforcement.

**SB1057** also assigns responsibility for completing recommendations about reorganization by 12/21/10. These include:

- An Office of Administration report that analyzes which programs within every department, and recommends which should be eliminated, reduced or combined
- A Health and Human Services Transition Committee to recommend how to consolidate the Departments of Health & Senior Services, Mental Health and Social Services; and a plan to reduce costs by increments of 5 up to 25% from FY2011 to FY2012
- A Commission to make recommendations about reorganizing all state health care and creating a Department of State Health in the Office of Administration. Initially this department would oversee health care for state employees and their dependents, state retirees, Medicaid and the State Children's Health Insurance Program. A second phase would include employees of preschools, community colleges and political subdivisions of the state. A third phase would address the feasibility of including small businesses and the uninsured.

**SB1057** is now on the Senate Calendar.

#### **4. Action on tax related bills**

##### **Good news!**

The Missouri Budget Project believes we can neither “cut” nor “reorganize” ourselves out of the budget crisis. Balanced solutions are needed that will provide adequate revenue to fund our state's priorities. A positive step toward this was taken when **HB2302 (Sutherland)**, a bill that would allow taxing internet purchases (called the streamlined sales tax) was voted out of Committee next week. Studies estimate that taxing internet sales would net \$187 million in Missouri in the next fiscal year. Passing HB2302 is a critical part of common sense, balanced solutions to balance the budget

IF YOU HAVE NOT CONTACTED YOUR REPRESENTATIVE, PLEASE CALL OR EMAIL THEM NOW. ASK THEM TO VOTE YES ON HB2302, WHICH TAXES INTERNET SALES. Contact information may be found at [www.house.mo.gov](http://www.house.mo.gov).

**SJR29 (Purgason)**, the mega sales tax constitutional amendment, is still on the Senate calendar for debate.

The Governor's proposal to curb tax credit growth was amended to Senator Dempsey's economic development bill, **SB895**. The proposal faced opposition from almost every front. This week Senator Dempsey offered an amendment with a greatly modified plan to curb tax credits. This plan would retain all the tax credits in statute (the first plan removed them from their current statute, and combined them into 6 broad categories). It lowers the cap of most tax credits, but makes minimal changes to the contribution tax credits most often used by human services providers to leverage donations. The bill remains on the Senate Informal Calendar, so could be taken up at any time.