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Bonding Proposals Promising, If New Repayment Revenue Source Identified

Recent and upcoming proposals to ask voters to approve new bonding authority for capital improvements are promising, but to protect ongoing operations including education, public safety and social services, lawmakers should also approve a new continuing source of revenue in order to repay the bonds, such as the Marketplace Fairness Act and reforms of Missouri's tax credits.

"With extraordinarily low interest rates, significant infrastructure needs, and modest additional debt service costs, it may be time for Missouri to consider a new bond effort," said Amy Blouin, Executive Director of the Missouri Budget Project. "However, because of the fragility of the state's revenue, new bonding should only be considered if lawmakers approve additional revenue collections simultaneously."

A proposal by Senator Kurt Schaefer and an expected proposal by Representatives Tim Jones and Chris Kelly would authorize bonding authority in the range of \$950 million to \$1 billion, if approved by voters. Such bonding would be used to fund construction and maintenance of Missouri's public colleges and universities, maintenance of state park facilities, and road/highway maintenance and construction.

"The infrastructure investments funded through bonding have a dual payoff to the state's economy," continued Blouin. "Not only are immediate construction related jobs created, but an improved infrastructure enhances Missouri's ability to compete economically."

The state faces significant capital improvement needs in its university system, parks, and transportation infrastructure, as outlined in a recently release Missouri Budget Project report [*Bonding Proposals Show Promise*](#). The report found that new bonding authority of \$950 million would modestly increase general revenue debt service costs. However, Missouri's revenue will not reach pre-recession revenue for another 15 years, making it critical to approve new revenue alongside any bonding proposal.

"While new bonding authority may help Missouri invest in critical infrastructure needs, those needs should not come at the expense of our ongoing investments in a well-educated workforce with access to good schools and affordable colleges," said Blouin, "These are services upon which Missouri's quality of life and economic success depend."

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The Missouri Budget Project report Bonding Proposals Show Promise can be accessed at http://www.mobudget.org/articles/show/299-Bonding_Proposals_Show_Promise