

## Missouri Budget Project E-News State and Federal Policy Update January 13, 2012

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### State Issues

1. **Missouri Budget Shortfall Nearing \$800 Million for FY 2013**

The state of Missouri will face a budget shortfall nearing \$800 million in fiscal year 2013, making it more difficult than ever for the state to make vital investments to create jobs and boost our economy, according to a new analysis by the Missouri Budget Project. The shortfall is more than \$300 million more than previously estimated by the state.

While the state is currently projecting a shortfall of approximately \$460 million, the MBP also includes in its shortfall projection the combined increased cost to cover inflationary adjustments, funding increases that are required by legislation, and the amount of funding needed to maintain current levels of service. For example, the Missouri Budget Project shortfall estimate includes the need to increase “Foundation Formula” spending by about \$100 million, as required by statute. By comparison, the Division of Budget and Planning does not take all these cost factors into account when determining the official shortfall estimate.

Click [here](#) to read the full report, or [here](#) to read the Missouri Budget Project press release.

2. **Legislative Action on Tax & Revenue Related Bills**

TABOR... or at least TABOR-like

On Wednesday, the House Budget Committee passed [House Joint Resolution 43](#), a constitutional amendment that would cap state spending at the rate of inflation, determined by the Consumer Price Index, and the increase in population.

Business and civic leaders, educators and municipalities argued against the measure, arguing that state spending is already inadequate for their needs and limiting growth to an arbitrary formula would compound the problem. Many other diverse organizations, concerned about stifling

funding to essential services, submitted written testimony. A similar measure in Colorado has led to severe cuts in K-12 Education, Higher Education and essential state services.

[Representative Chris Kelly](#) (D-Columbia) was concerned that the baseline year for the constitutional amendment would be a recession year and proposed instead that they make fiscal year 2008, the last pre-recession fiscal year, the baseline. His amendment passed.

The Budget Committee moved the legislation on a vote of 19-9, and the House Rules Committee passed the bill the next day. [HJR 43](#) will be up for a vote of the full House next week.

### 3. State of the State Address Next Tuesday

Governor Nixon will deliver the annual state of the state address on Tuesday, January 17<sup>th</sup> at 7 p.m. In the address, which will be streamed live at [www.MO.gov](http://www.MO.gov), the Governor will release his budget and legislative priorities for the year.

### 4. Upcoming Committee Hearings

The [Senate Small Business, Insurance and Industry Committee](#) will meet on Tuesday 1/17, at 1 p.m. in Senate Committee Room 1 to consider [SB 560](#) (Ridgeway), which prohibits the establishment and operation of health insurance exchanges in Missouri unless certain criteria are met.

On Wednesday, 1/18, the [House Elementary & Secondary Education Committee](#) will hear public testimony on [HB 1043](#), which changes the laws regarding the state school funding formula.

The [Senate Appropriations Committee](#) will convene at **8 a.m. Wednesday, January 18<sup>th</sup>** for public testimony on the Departments of Elementary & Secondary Education, Higher Education, Office of Administration, Agriculture, Natural Resources, Conservation, Economic Development, Insurance, Financial Institutions & Professional Registration, Labor & Industrial Relations, Public Safety, and Corrections. Those interested in testifying should contact committee staff at 866-475-6083 or [public.testimony@senate.mo.gov](mailto:public.testimony@senate.mo.gov).

The [House Appropriations Education Committee](#) will meet on **Wednesday, January 18<sup>th</sup> at 2 p.m.** in Hearing Room 1 to continue public testimony. If you are interested in testifying, call Gregg at 751-2917 to schedule a time slot.

The [Senate Ways and Means and Fiscal Oversight Committee](#) hear several tax credit bills on Thursday, 1/19, at 8:30 a.m. in Senate Committee Room 1. These bills include:

[SB 472](#) (Kraus): Modifies the provisions of certain tax credit programs and requires the Department of Revenue to apply any increase in revenue generated to a decrease in the corporate income tax rate.

[SB 531](#) (Lamping): Modifies the low-income housing and historic preservation tax credit programs and requires any increase in revenue to be applied to a decrease in the individual income tax rate.

[SB 561](#) (Ridgeway): Imposes a sunset upon tax credit programs not currently subject to a sunset provision and requires the Department of Revenue to apply any increase in revenue generated to a decrease in the personal income tax rate.

[SB 548](#) (Purgason): Imposes a sunset upon tax credit programs not currently subject to a sunset provision.

The [House Appropriations Health, Mental Health and Social Services Committee](#) will meet in Hearing Room 7 upon morning adjournment to hear public testimony. Those interested in testifying should call 573-751-5458 to register for testimony. The meeting notice indicates that the hearing “may last several hours, please plan accordingly. Lunch will be provided.”