

## Missouri Budget Project E-News January 6, 2012

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### State Update

#### 1. **General Revenue Update**

The state's general revenue collections for December 2011 decreased by 2.1 percent compared to December 2010. Sales taxes were 4 percent lower and corporate income tax collections were more than 10 percent lower than they were in the same month last year. The decline results in year to date collections of just 1.18 percent more than the previous year.

As a result, to meet the revenue estimate for the current fiscal year, FY 2012, state revenues will need to grow by 4 percent over the next six months. The decline is very concerning and could result in mid-year budget reductions. In addition, it is likely to compound the shortfall expected for FY 2013 as legislators begin budget negotiations.

#### 2. **Missouri Legislative Session Begins...**

**With another budget shortfall:** With a looming budget shortfall of at least \$500 million, the Missouri General Assembly opened their session on Wednesday. While the Legislature seems short on solutions to the budget gap, [House Speaker Steve Tilley](#) (R-Perryville) was clear in his opening speech that the House is not interested in using the Governor's plan to tap university reserves to fund higher education.

**Early Discussion of the Streamlined Sales Tax:** Although Speaker Tilley rejected an increase in the state's cigarette tax, currently by far the lowest in the nation, he did [acknowledge the inequity for Missouri businesses](#) created by the sales tax loophole on Internet and catalog sales.

Allowing the state to join the Streamlined Sales Tax Governing Board would level the playing field for Missouri businesses by allowing it to collect the sales taxes owed on Internet sales.

In November, [U.S. Senator Roy Blunt joined a bipartisan group of Senate co-sponsors](#) introducing the "Marketplace Fairness Act," which would compel retailers to collect and remit the sales taxes owed on online or catalog sales.

To learn more about this issue, read the Missouri Budget Project report “[Missouri Should Enact the ‘Streamlined Sales Tax’ to Ensure Equitable Collections of Sales Tax.](#)”

**And Interest in the Rainy Day Fund:** The Legislature is also considering use of the Rainy Day Fund to cover costs associated with the natural disasters that took place last year, but the fund would require some reforms for the state to be able to pay back the withdrawal in a reasonable amount of time. A public vote on those changes would be required because the Rainy Day Fund provisions are constitutional. In December, the House Interim Committee on Disaster Recovery recommended presenting to voters the opportunity to reform the Rainy Day Fund to make it more useful.

Missouri Budget Project has long recommended reforming the state’s rainy day fund to make it more responsive to the state’s needs. More information on the Rainy Day Fund can be found in MBP’s latest paper on the issue, [Missouri’s Rainy Day: Utilizing the State Rainy Day Fund and Options for Reform.](#)

### **3. State of the State Address Scheduled for January 17<sup>th</sup>**

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. TABOR....Again**

Once again, a House committee will be hearing a constitutional amendment to cap state expenditures at the rate of inflation. Colorado, the only state with a fully operational TABOR has struggled to meet basic state needs such as transportation and education under their funding cap. So much so, that they have been forced to temporarily lift the cap for specific appropriations.

For years, TABOR and TABOR-like measures have been proposed in the General Assembly and a strong group of advocates from education, healthcare, and construction fields have opposed them. This year, [House Joint Resolution 43](#), sponsored by [Representative Eric Burlison](#) (R-Springfield), has been referred to the House Budget Committee and could be heard as early as next week.

A similar measure was defeated in committee last year.

### **5. Upcoming Appropriations Committee Hearings**

The [Senate Appropriations Committee](#) will convene at **8 a.m. on Tuesday, January 10<sup>th</sup>** in Senate Committee Room 2 to hear public testimony on the Departments of Social Services, Mental Health, Health & Senior Services, Transportation, Revenue, Judiciary, and Public Defender.

The Committee will meet again 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 at either Senate Appropriations Committee meeting should contact committee staff at 866-475-6083 or [public.testimony@senate.mo.gov](mailto:public.testimony@senate.mo.gov) by **January 6, 2012**.

The [House Appropriations Education Committee](#) will also meet on **Tuesday, January 10<sup>th</sup> at 8 a.m.** in Hearing Room 1 to hear a presentation on the foundation formula.

## **6. Please Update Your Contact Information!**

If you haven't already, please review your contact information below to ensure that the Missouri Budget Project can accurately match you with your elected officials when sending out action alerts or updates.

Now that the legislative session is underway, this information is critical to making sure that you can communicate most effectively with your legislators. Please make sure your home address is listed.

If information is incorrect or missing, please click [here](#) to update it (use "subscription management" at the bottom of the page), or simply respond to this e-mail with the updated information.

Thank you!

First name:

Last name:

Address:

City:

State:

ZIP:

Phone: