

**Missouri Budget Project E-News
State and Federal Policy Update
April 13, 2012**

State Issues

- 1. Tax Amnesty Delay Leads to Budget Cuts by Senate Appropriations**
- 2. House Ways & Means Discusses Combined Reporting**
- 3. A Bake Sale for Missouri's Budget**
- 4. Upcoming Committee Hearings**

State Issues

1. Tax Amnesty Delay Leads to Budget Cuts by Senate Appropriations

The [Senate Appropriations Committee](#) passed its version of the state budget Thursday morning. Opposition to the Governor's tax amnesty proposal within the majority caucus caused the committee to include an additional \$80 million in cuts to the already depleted state budget in order to make up for the amnesty's estimated savings.

The cuts included a \$12 million reduction in the Child Care Subsidy program. This program, which provides child care assistance to low-income working families, would only be available to those making under 115% of the Federal Poverty Level. If this cut goes into effect, 2,700 families (3,860 kids) would no longer qualify for a child care benefit and 1,540 families (2,330 kids) would see an increase in child care costs.

The state employee pay plan was also amended. Where the House funded a two percent pay increase for state workers making under \$70,000 per year, the Senate committee's version would provide increases only to those making under \$45,000 per year.

The committee did maintain the House position of funding higher education at FY2012 levels and maintained the Governor's modest increase in the K-12 Foundation Formula.

The additional cuts illustrated the precarious nature of using one time funding measures, like the tax amnesty program, to balance the books. New revenues will be essential if the state is to prevent further drastic cuts in the future.

2. House Ways & Means Committee Discusses Combined Reporting

The House Ways and Means Committee heard [House Bill 1727](#), sponsored by [Rep. Tracy McCreery](#) (I-St. Louis), Thursday morning. The bill includes a section that would institute combined reporting for Missouri's corporate income tax.

Many multi-state corporations are made up of a parent corporation and several fully owned subsidiary corporations. Combined reporting would consider them a single corporation for state tax purposes. Their profits would be combined, and they would be taxed on the portion of those profits that are attributable to Missouri. This would prevent corporations from moving their profits to states where there is little or no corporate income tax in order to shelter them from Missouri taxes.

3. A Bake Sale for Missouri's Budget

Several organizations joined forces to have a bake sale to close the State Budget gap on Tuesday. The message was clear: Missouri needs new revenue in order to adequately fund vital programs for Missourians.

"This is a cute way to draw attention to the issue, but it's no laughing matter," said Andrea Routh, Executive Director of the Missouri Health Advocacy Alliance, one of the groups taking part in the bake sale.

Legislators from across the aisle and from both bodies visited the table that showed prices for baked goods that would fully fund different state services. There was also a running total of the budget gap, going down from \$500 million.

While no one paid full price for any of the items, the groups did deliver \$238 in donations to the Department of Revenue to go into the state's general revenue fund.

4. Upcoming Committee Hearings

There are currently no hearings posted for bills about which the Missouri Budget Project reports. Check the [Missouri Budget Project Facebook page](#) for additional hearing announcements throughout the week.