

**Missouri Budget Project E-News  
State and Federal Policy Update  
March 30, 2012**

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**State Issues**

- 1. Senate Appropriations Begins Budget Mark-Ups Next Week**

The [Senate Appropriations Committee](#) is expected to begin mark ups on the state budget Monday after evening adjournment. Senate President [Rob Mayer](#) (R-Dexter) has pledged to restore cuts to medical services for blind Missourians. Appropriations Chairman [Kurt Shaefer](#) (R-Columbia) is expected to try to retain the funding restored to higher education by the House. The Governor has also submitted a Governor's Amendment to the Senate restoring services for blind Missourians and a grant for information technology upgrades to the MO HealthNet program that had been included in recommendations by the House Appropriations recommendations.

These priorities may put a strain on other sections of the state budget as the Appropriations Committee works to send a balanced budget to the Senate floor.

However, as noted in a recent letter to the [Springfield News-Leader](#) (see page two of the link), "there are better choices," including enacting the streamlined sales tax and increasing the state's tobacco tax. If policymakers continue to rely on a cuts-only approach, critical state services such as higher education and medical services for blind Missourians will continue to compete for funding.

- 2. Circuit Breaker Cuts Back on the Table**

Two Senate bills currently on the Senate calendar would eliminate the tax relief program known as the circuit breaker for low income veterans, seniors and people with disabilities who rent their homes. The tax credit is a cost-effective tool that helps these Missourians remain in their homes and weather financial challenges that may otherwise upend their lives.

The Ways and Means Committee passed [Senate bill 675](#), sponsored by [Senator Jason Crowell](#) (R-Cape Girardeau) and [SB 548](#), sponsored by [Senator Chuck Purgason](#) (R-Caulfield) on March 29<sup>th</sup>.

The changes to the circuit breaker would impact more than 105,000 low-income Missourians with incomes below \$27,500 if single, or \$29,500 if married. The maximum annual credit for renters is \$75, and 16 of 18 states with circuit breaker property tax credits include renters in their eligibility structures.

The circuit breaker program has been in existence in Missouri since a 1972 ballot initiative amended the State Constitution to allow the tax relief program to apply to renters as well as homeowners. Recently, the tax credit program was in jeopardy in during the 2011 Extraordinary Session as a way to finance another tax credit program. An amendment on the floor of the Senate saved the circuit breaker for low income renters.

To learn more about this issue, read our [February report on SB 675](#).

### 3. Marketplace Fairness in the News

The [Kansas City Star](#) ran an editorial on the Marketplace Fairness Act Thursday, which the [St. Louis Dispatch](#) re-ran today.

The editorial focuses on the need to level the playing field for Missouri businesses with their internet competitors, but also points out the need for this collection system not to include cuts to other taxes so that Missouri doesn't lose revenue.

### 4. Upcoming Committee Hearings

Below are hearings as scheduled at press time. Check the [Missouri Budget Project Facebook page](#) for additional hearing announcements throughout the week.

The [Senate Appropriations Committee](#) will meet on **Monday, 4/2 after evening adjournment** regarding the budget bills. The committee will reconvene at **8:30 a.m. on Tuesday, 4/3**. Both meetings will be in Senate Committee Room 2.

Copies of the budget mark-up notes will be available to download off of the Senate website on Friday, March 30 at 2:00 p.m. To access the budget notes go to [www.senate.mo.gov/12info/Comm/aprp.htm](http://www.senate.mo.gov/12info/Comm/aprp.htm).

## [Federal Issues](#)

## 1. House Passes Budget Committee Chairman's Budget Framework

This week, the U.S. House of Representatives passed the budget framework introduced by Budget Committee Chairman Paul Ryan, which was outlined in [last week's update](#). Other House committees will now be responsible for passing legislation producing the cuts, and likely setting up a showdown with the Senate at the end of the fiscal year.

According to [a Center on Budget and Policy Priorities \(CBPP\) report](#), 62 percent of cuts in the budget would come from low-income programs, including nutrition assistance, Medicaid, and education and job training.

In addition to these drastic cuts, a new analysis by the Urban-Brookings Tax Policy Center shows that the budget would enact significant new tax cuts for those at the top of the income scale. Those earning more than \$1 million a year would receive \$265,000 each in new tax cuts, in addition to the \$129,000 they would receive from the extension of Bush-era tax cuts.

[According to another recent report by the CBPP](#), after-tax incomes would increase 12.5 percent for millionaires, but only 1.9 percent for middle-income households.