

Missouri Budget Project E-News Federal and State Policy Update February 19, 2010

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Federal issues

1. Health care reform and federal assistance for Medicaid still up in the air

There has been no public progress on passing federal health care reform legislation. Reports indicate that President Obama will announce a health care reform package at the forum that will be held February 25.

The extension of federal assistance for Medicaid has not been approved by Congress. Efforts are being made by Senate leadership to attach this with an extension of unemployment benefits and assistance with COBRA. A free standing bill is a possibility. It is critically important the Congress act on this. **The Missouri General Assembly is proceeding on the assumption that the funding will not be granted, and are making deep cuts in the budget (discussed in the section below).**

Some good news: The Department of Health and Human Services announced that \$4.3 billion in fiscal relief will be coming to states through a reduction in the amount they have to pay the federal government to offset the cost of Medicare coverage for prescription drugs for individuals eligible for both Medicaid and Medicare. This will be an estimated \$108 million for Missouri.

State issues

2. Budget bills are marked up by the Appropriations Committees

On February 16 Representative Sater, chair of the House Appropriations Committee for Health, Mental Health and Social Services presided over the mark up of House Bills 2010 and 2011, the appropriation bills for the Departments of Health & Senior Services, Mental Health and Social Services. He offered two mega amendments that made numerous cuts in services and programs. These were approved on a party line vote, with Representative Grisamore (R) voting PRESENT.

Deep cuts were made in a number of areas including subsidized child care, domestic violence programs, mental health and public health, and to health centers that serve low income families and the uninsured.

After the approval of his amendments, the committee considered amendments from committee members. HBs 2010 and 2011 will now be sent to the Budget Committee where additional changes will be made. To see the highlights click here.

3. Update on Mega Sales Tax

SJR 29 (Purgason) is on the Senate calendar and will be debated on Monday, February 22. **Please contact your Senator (find their contact information at www.senate.mo.gov) and Senator Pro Tem Shields and urge them to oppose this constitutional amendment.**

SJR29 is a constitutional amendment that will greatly expand the state sales tax and eliminate individual and corporate income taxes. **The most recent MBP analysis indicates that the sales tax would need to increase to 11 percent to cover the costs in the bill.** A fairly detailed description of how the Missouri Budget Project calculated the sales tax rate is on our web site, as well as other fact sheets and analyses.

4. Update on health care bills

Some GOOD NEWS! The Governor has withdrawn his budget proposal to limit the number of hours (to 60 per month) that an individual with a disability could receive services from a personal care attendant. This limit would have resulted in the loss of independence by many individuals with a disability, and would have made their lives more difficult. The limit on personal care attendant hours was also removed from **HB1918 (Sater)**.

5. Other bills of interest

HJR87 (Icet), a Taxpayer Bill of Rights constitutional amendment will be heard on 2/22. See information below. This would place a cap on the growth of State spending. Enacting such a cap will tie the state forever to the bleak budget situation in which we now find ourselves. The Missouri Budget Project opposes this bill.

SB905 (Bray), which would change tax policy to allow the collection of sales made over the internet, will be heard on 2/24. This is an important step toward modernizing our outmoded tax structure, and will allow internet sales to be taxed in the same manner that sales are taxed from local businesses. The Missouri Budget Project supports this bill.

SB875 (Dempsey), which allows employers to pay employees under the age of 20 seventy-five percent of the state minimum wage rate as long as that wage is not lower than the federal minimum wage, was heard this week. The bill also states that employers may not displace employees in order to hire younger individuals.

6. Committee hearings scheduled

In the House

Monday, 2/22

The Budget Committee will hear **HB2014** (supplemental appropriations) upon afternoon adjournment. Public testimony will be taken.

Tuesday, 2/23

The Budget Committee will hear **HB2014** (supplemental appropriations) at 8 AM in HR3. Committee amendments will be reviewed as available. **HJR87 (ICET)** will also be heard.

Other hearings will likely be posted early next week.

In the Senate

Wednesday, 2/23

Ways and Means Committee will hear **SB905 (Bray)** at 3 PM in SCR1

Other hearings will likely be posted early next week.