

**Missouri Budget Project E-News
Special Session Edition
September 23, 2011**

Special Session State Update

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1. Special Session Update

The special legislative session will continue into next week. Although significant steps toward compromise were made this week, the House and Senate continue to have differing positions on two primary issues within [Senate Bill 8](#), the tax credit bill. The disagreement is specifically focused on whether to include sunset dates on Low Income Housing and Historic Preservation credits.

However, it appears that there is consensus to protect the Circuit Breaker property tax credit for seniors and people with disabilities who rent their housing. As we reported previously, the Senate version of [SB 8](#) passed with an amendment that would protect the circuit breaker as it is currently designed. The draft version of the House substitute for SB 8 continues this protection.

Both the House and Senate passed a bill to establish the Missouri Science and Innovation Reinvestment Act (MOSIRA), which would offer tax credits for science and technology based companies. However, the bill ([Senate Bill 7](#)) is contingent on the passage of Senate Bill 8.

The House will be in recess until Thursday, September 29th.

SB 8: http://www.senate.mo.gov/11info/BTS_Web/Bill.aspx?SessionType=S1&BillID=4696928
SB 7: http://www.senate.mo.gov/11info/BTS_Web/Bill.aspx?SessionType=S1&BillID=4696927

2. Proposal to Increase Tobacco Tax Filed with Secretary of State

On Tuesday, a measure to increase the state's tobacco tax, now by far the lowest in the nation, was filed with the Secretary of State. The proposal would increase the state's cigarette tax by 80 cents per pack, with an equivalent increase on other tobacco products. Of the funds raised by the proposition, 50% would be directed towards elementary and secondary education, 30% towards higher education, and 20% towards tobacco prevention and quit assistance.

At 17 cents per pack, Missouri's cigarette tax is well below the national average of \$1.43 per pack. The state's low tobacco taxes may contribute to its unfortunate recognition as a national leader in adult smoking rates and tobacco-related illness and death. In addition, they also impose substantial costs on the state. In a [2010 paper](#), Missouri Budget Project estimated that smoking-

related illness cost the state's Medicaid system \$641 million in 2009, of which \$256 million was state general revenue.

The initiative was filed by a coalition of medical and public health professionals, education groups, and community leaders led by the American Cancer Society.

To learn more about the state's cigarette tax, read the Missouri Budget Project report [*Missouri Hits Bottom: It's Time for Cigarette Tax Reform*](#).
(http://www.mobudget.org/files/Cigarette_Tax_9_1_10.pdf)

3. New Census Data Shows Missourians are Struggling in Face of Recession

On Thursday, the Census Bureau released additional, more detailed poverty data from the American Community Survey that underscores the increase in poverty and the plight of Missouri's middle class following the economic recession.

Unemployment insurance, nutrition assistance, and tax credits for low- and middle-income households kept many more Missourians from falling below the poverty line in 2010.

- More than 1 in 5 Missouri children now live in poverty.
- Median household income has fallen significantly to \$44,301.
- 27.8% of Missouri households make less than \$25,000 a year, making it harder for families to make ends meet.
- Unemployment reached 10% in 2010.

In addition, 6.6% Missourians now live in deep poverty, defined as having income less than half the poverty line (\$5,570 for an individual and \$11,157 for a family of four). Deep poverty rose significantly since 2007 in 40 states, including Missouri.

Click [here](#) to read the Missouri Budget Project [press release](#) on the latest census data. The Center on Budget and Policy Priorities issued a [blog post](#) on deep poverty in the United States, which can be read [here](#).

The Missouri Budget Project will soon issue further analysis of regional poverty data.

Missouri Budget Project press release:

http://www.mobudget.org/articles/show/230-New_Census_Data_Missourians_Struggle_in_Face_of_Economic_Decline

CBPP blog post: <http://www.offthechartsblog.org/deep-poverty-on-the-rise/>