

Missouri Budget Project E-News State and Federal Policy Update August 26, 2011

State Update

- 1. More Details on Recent Mega Sales Tax Petitions**
- 2. Hearings the Week of August 29th**

1. More Details on Recent Mega Sales Tax Petitions

As reported last week, two new versions of the mega tax petition initiative have been filed with the Secretary of State. Missouri Budget Project initial estimates indicate that the proposed sales tax structure would result in a general revenue shortfall of at least \$2.4 billion, a huge proportion of the state's \$7 billion general revenue budget.

A shortfall this large would require deep cuts in K-12 education, higher education, health and mental health, and the services that serve as the foundation of our economy and result in a safe and healthy environment. The proposals would not allow us to make investments in the public structures that are needed to make Missouri a desirable place for families and for businesses.

The proposals, which eliminate the personal income tax and greatly expand the sales tax:

- Include no prebate to soften the impact of higher sales taxes on lower income Missourians.
- Do NOT exempt food, a basic necessity. Sales tax rates would be capped at a slightly lower rate than other non-exempt goods and services.
- Do not even attempt to be revenue neutral.

To learn more about the initiative petitions, read the Missouri Budget fact sheet (http://www.mobudget.org/files/Mega_Sales_Tax_Quick_Facts-8-26-2011.pdf)

2. Hearings the Week of August 29th

The House Interim Committee on Budget Transparency will meet on Wednesday, August 31 at 12 p.m. in Hearing Room 3 for an informational hearing on the Department of Health and Senior Services and the Veterans' Commission.