Missouri Budget Project E-News
Special Session Edition
September 30, 2011

State Update

Special Session Update

Federal Update

CBPP: 5 Reasons Why the Supercommittee Should Include Revenues

State Update

Special Session Update

The special legislative session continues into next week. The House and Senate remain divided on the content of Senate Bill 8, the tax credit proposal. Both chambers reconvene on Monday, October 3rd, and the House plans to vote on a bill on Thursday.

The disagreement between the chambers is specifically focused on whether to include sunset dates on Low Income Housing and Historic Preservation credits.

As previously reported, it appears that there is consensus to protect the Circuit Breaker property tax credit for seniors and people with disabilities who rent their housing.

Federal Update

CBPP: 5 Reasons Why the Supercommittee Should Include Revenues

The Center on Budget and Policy Priorities (CBPP) issued a report this week outlining five reasons why the new supercommittee tasked with forming a deficit reduction plan should consider revenue increases as well as spending cuts in their proposal.

From a CBPP blog post, these reasons include:

1. *Spending cuts alone can't do the job*. The key fiscal policy goal is to reduce deficits sufficiently to stabilize the debt relative to the size of the economy. The only way to accomplish this without severe cuts that would hit low- and middle-income Americans hard — in areas ranging from Medicare, Medicaid, and possibly Social Security to basic assistance for the poor — and weaken core government functions like education, scientific research, and ensuring safe food and water, is through revenue increases.

2. *The 2001-2003 tax cuts are a significant contributor to projected deficits.* Letting some or all of those tax cuts expire would make a significant contribution to reducing the deficit.

3. *Higher-income people can and should share in the sacrifices needed to reduce long-term deficits.* Low- and moderate-income households shouldn't be forced to bear a disproportionate share of the burden through cuts in Medicare, Medicaid, Social Security, and programs targeted on people who are poor or near-poor.

4. *Taxes are low both in historical terms and in comparison with other countries.* By either standard, the United States has significant room for increasing tax revenues.

5. *Higher taxes are not an inherent barrier to economic growth.* In fact, the Congressional Budget Office (CBO) has said that tax increases used to reduce budget deficits can improve long-term economic growth and job creation. The experience of the 1990s shows that claims that reasonable revenue increases will sink the economy largely reflect politics and ideology, not solid analysis.

To read the full report, click here.