

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

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State Issues

1. **Governor Announces Support of Medicaid Expansion**

At press conferences around the state yesterday, [Governor Jay Nixon announced his support of the Medicaid expansion called for in the Affordable Care Act \(ACA\)](#), saying he would include the federal funds in his upcoming budget and calling the expansion the smart thing and the right thing to do.

Several Republican legislative leaders have previously indicated opposition to the expansion, citing cost concerns. However, as previously indicated by the Missouri Budget Project and emphasized in a [new report](#) by the [Missouri Hospital Association](#) and the [Missouri Foundation for Health](#), expanding Medicaid will actually generate more revenue than it will cost the state.

The report indicates that the economic activity from an additional \$8.2 billion in federal spending will generate 24,000 jobs and almost \$856 million in state and local taxes over seven years. Medicaid expansion is estimated to have a six-year cost of \$333 million.

In introducing Governor Nixon in Kansas City, former Senate President Pro Tem [Charlie Shields](#), now Chief Operating Officer of Truman Medical Center Lakewood, said that throughout his political career, he made protecting Missouri businesses and Missouri jobs his top priority, and that expanding Medicaid was critical in doing so moving forward. The Missouri Chamber of Commerce also supports expansion.

The Governor's announcement marks the first step towards expanding Medicaid in Missouri, and the work of dedicated Missourians and the business, civic, and advocacy communities will be critical in ensuring that Missourians, Missouri businesses, and the Missouri economy receive the full benefits of the ACA.

2. **Tax Cut Proposals Begin**

Potentially setting off a dangerous “race to the bottom” in reaction to Kansas tax cuts, Senator Eric Schmitt announced he will sponsor legislation that would eventually reduce taxes on all business income by 50 percent, including the corporate income tax. Such a reduction could have devastating effects on services we all rely on, as outlined in the Missouri Budget Project report, [*Cutting to the Chase*](#).

Not only would the bill cut the corporate income tax in half, previously estimated to cost the state \$153 million a year, but it would also create an income tax deduction for business income derived from LLCs, sole proprietorships, and other sources. This deduction would reach 50 percent after five years. As reported in the [Kansas City Star](#), a previous version of the bill that would have reduced business income taxes by 25 percent would reduce state revenue by \$83.5 to \$146.2 million annually. The Missouri Budget Project is working on an estimate of the legislation’s impact, but given the changes in the bill, these estimates greatly underestimate the impact these cuts would have on state revenue.

Moreover, such tax schemes simply don’t work. As Amy Blouin told the [Kansas City Star](#), “In order to truly build MO’s economy, our state must invest in the services that help Missouri companies and their employees thrive. When deciding where to expand or relocate, businesses look for things like quality K-12 and higher education and reliable roads and bridges – investments where our state is now falling behind what other states can offer.

Missouri already has one of the lowest effective corporate tax rates in the nation, combined with some of the most generous tax credit programs, and these policies are clearly not generating more jobs. We can ill afford additional tax cuts that will further impair our ability to compete with other states on critical employee readiness and quality of life measures.”

3. Tax Credit Review Commission to Meet Dec. 6

The [Missouri Tax Credit Review Commission](#) will meet in [St. Louis on December 6th](#) from 5 to 7 p.m. at the Wainwright State Office Building, Room 116, 111 N. 7th Street. Public testimony will be taken.

Members of the public may also observe and attend the meeting in Suite 680 of the Harry S. Truman State Office Building in Jefferson City (301 W. High).

4. House Appropriations Committee Meeting Dec. 4

The [House Health, Mental Health, and Social Services Appropriations Committee](#) will meet Tuesday, December 4th at 1:30 p.m. in House Hearing Room 3. To register for public testimony, call 573-751-5458.

5. Communications Staff Back from Leave

The Missouri Budget Project is excited to welcome back communications director Traci Gleason from her maternity leave. Please e-mail Traci at tgleason@mobudget.org if she can be of assistance.