

Missouri Budget Project E-News State and Federal Policy Update January 20, 2012

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State Issues

1. **Governor Nixon's Budget Likely to Harm Economic Outlook**

Governor Nixon outlined a budget for 2013 on January 17 that continues a three year trend of spending cuts to balance the budget. Nixon emphasized the importance of economic development, jobs and a strong future workforce, but his budgetary recommendations don't match that commitment.

A better approach to Missouri's budget shortfall includes more revenue to keep Missouri from falling further behind, build strong schools, create an environment for job growth and protect vital programs.

Click [here](#) to read the Missouri Budget Project's full analysis of the Governor's budget proposal and its impact.

2. **Legislators Introduce Streamlined Bill**

Representatives Funderburk and first cosponsor Representative McNeil introduced [HB1356](#), which would implement the streamlined sales tax collections mechanism in Missouri.

Under current laws, Missouri businesses are at a disadvantage relative to out-of-state businesses who sell products and services to Missouri residents online because these companies can avoid collecting state and local sales taxes that are owed.

Allowing the state to join the Streamlined Sales Tax Governing Board would level the playing field for Missouri businesses by allowing the collection of the same sales taxes as local businesses.

The Missouri Budget Project appreciates the leadership Representatives Funderburk and McNeil have shown to correct this problem.

To learn more about this issue, read the Missouri Budget Project report “[*Missouri Should Enact the ‘Streamlined Sales Tax’ to Ensure Equitable Collections of Sales Tax.*](#)”

3. Missouri House Approves TABOR – HJR 43

The Missouri House approved HJR 43 on Thursday. The measure proposes a constitutional amendment very similar to Colorado’s TABOR amendment, which had devastating economic and budgetary impacts in Colorado. The Missouri proposal as approved by the House would create a devastating lid, tying growth in the state’s investment in services to a proven flawed formula of population growth plus inflation.

The Congressional Budget Office projects inflation as measured by the Consumer Price Index to be 1.7 percent per year for the next several years and the U.S. Census Bureau projects Missouri’s population to grow by 0.5 percent per year. HJR 43 would allow funding to grow by 1.5 percent above that, resulting in a 3.7 percent growth per year. By comparison, state revenue in FY 2013 is expected to grow by 3.9 percent. In other words, even such modest growth would exceed allowable limits.

Although HJR 43 was amended for the lid to be implemented only after the state returns to FY 2008 funding and when the current K-12 school funding formula is fully funding, **those additions simply delay the inevitable crisis that has been proven to result under TABOR.** In Colorado, education funding dropped dramatically, and the share of low-income children without health insurance doubled. For more detail on the ramifications in Colorado, click [here](#).

In addition, HJR 43 would exempt any voter-approved tax increase from the calculation only for the first year of implementation. So even if voters want to increase revenue for vital services, that increase would quickly be eroded under the measure. **HJR 43 would lock Missouri into the current fiscal crisis indefinitely.**

We urge you to [contact your senators](#) as soon as possible to ensure their opposition.

4. Senate Committee Hears Tax Credit Proposals

The [Senate Ways and Means and Fiscal Oversight Committee](#) held a hearing on several bills this week that would limit, reduce or end various tax credit programs. Of great concern, two of the proposals would not only eliminate tax credits, but use the revenue generated to reduce corporate income or individual income tax rather than use any gains to fill Missouri’s budget hole and invest in needed services. These bills are [SB 472](#) (Kraus) and [SB 531](#) (Lamping).

In addition, Senator Crowell filed [SB 675](#), which would **repeal [Missouri’s Circuit Breaker Property Tax Credit](#)**. The credit assists well over **100,000 Missouri seniors and people with disabilities who have modest incomes to remain in their homes.**

To learn more about the circuit breaker property tax credit, read the [Missouri Budget Project report](#) released last fall.

5. Upcoming Committee Hearings

The [Senate Appropriations Committee](#) will convene at **12 p.m. Monday, 1/23**, for an overview of the Governor's FY 2013 budget recommendations and FY 2012 supplemental recommendations. The committee will meet again at **8 a.m. on Tuesday, 1/24** regarding the Department of Transportation, and **Wednesday, 1/25 at 8 am.** concerning the Department of Revenue. All meetings will take place in Senate Committee Room 2.

The [House Appropriations Education Committee](#) will meet on Wednesday, 1/25, at 2 p.m. in Hearing Room 1 for a budget presentation by the Department of Elementary & Secondary Education.

The [House Appropriations Public Safety and Corrections Committee](#) will meet regarding the public safety budget on **Tuesday, 1/24 at 2 p.m.** in Hearing Room 3, and **Wednesday, 1/25 at 2 p.m.** in Hearing Room 6.