

Missouri Budget Project E-News January 25, 2013

1. [Senate Ways & Means Considers Massive Revenue Cuts](#)
2. [General Revenue is Growing, But Still Far Below Pre-Recession Levels](#)
3. [Bonding Proposals Show Promise](#)
4. [TABOR-Like Bill Filed](#)
5. [State of the State Address Monday Evening](#)
6. [Upcoming Hearings](#)

1. [Senate Ways & Means Considers Massive Revenue Cuts](#)

The [Senate Ways and Means Committee](#) held a combined hearing on three proposals that would drastically reduce revenue for vital state services. Although championed as a way to increase economic activity, no data on the economics of the cuts were presented by proponents. Moreover, according to a [Missouri Budget Project report released this week](#), corporate tax cuts would have little-to-no impact on business expansion or hiring, and are likely to backfire by significantly reducing resources for schools, transportation and other things that businesses cite as bigger concerns.

Proposals to cut corporate income taxes or alter tobacco, income, and sales taxes would cost the state between \$589 million and \$1 billion annually (more than Missouri provided to all public higher education institutions last year). Moreover, some proposals shift taxes to those that are more regressive in design, so those with the lowest incomes in Missouri would pay considerably more in tax while those with high incomes would pay less.

The committee will continue its discussion at its meeting next week, when the committee will take testimony on tax policy issues in general. In addition, [Senator Kraus](#), Chair of the Senate Ways and Means Committee, will accept public comments on tax policy via e-mail at taxpolicy@senate.mo.gov. Comments will be shared with the members of the committee.

More information on the impact of corporate tax cuts can be found in the report [Corporate Tax Rates Do Not Drive Business Decisions: Rate Cuts Could Impede Economic Growth](#). MBP's [press release](#) on last week's hearing is available [here](#).

2. [General Revenue is Growing, But Still Far Below Pre-Recession Levels](#)

Although Missouri is bringing in more money lately for schools, roads and other services, it remains far from recovering ground lost during the recession, and without new revenue those services, and the state's economy, will continue to suffer.

According to [a report issued this week by the Missouri Budget Project](#), while revenue grew considerably in the first half of fiscal year (FY) 2013, which began July 1, 2012, collections this year and next will remain below FY 2008 levels. **Moreover, at this rate it will take 15 more years for the state just to return to the level of purchasing power it had before the recession.** Revenue collections relative to the size of the state's economy are at their lowest levels in 30 years. Policymakers need to keep this dismal state of affairs in mind as they begin considering next year's budget, and they should look for ways to get Missouri on a faster pace to full recovery by bringing in new revenue for investments that will restore and strengthen our economy.

3. Bonding Proposals Show Promise

Proposals to ask voters to approve new bonding authority for capital improvements are promising, but to protect ongoing operations including education, public safety and social services, lawmakers should also simultaneously approve a new continuing source of revenue in order to repay the bonds, such as the Marketplace Fairness Act and reforms of Missouri's tax credits, [according to a new report by the Missouri Budget Project](#).

[Senate Joint Resolution 3](#), introduced by [Senator Kurt Schaefer](#), and [House Joint Resolution 14](#) by [House Speaker Tim Jones](#) and [Representative Chris Kelly](#) would authorize bonding authority in the range of \$950 million to \$1 billion, if approved by voters. Such bonding would be used to fund construction and maintenance of Missouri's public colleges and universities, maintenance of state park facilities, road/highway maintenance and construction, and other improvements.

As Amy Blouin, MBP Executive Director, said in a [press release](#), "The infrastructure investments funded through bonding have a dual payoff to the state's economy. Not only are immediate construction related jobs created, but an improved infrastructure enhances Missouri's ability to compete economically. But while new bonding authority may help Missouri invest in critical infrastructure needs, those needs should not come at the expense of our ongoing investments in a well-educated workforce with access to good schools and affordable colleges. These are services upon which Missouri's quality of life and economic success depend."

4. TABOR-Like Bill Filed

[Representative Eric Burlison](#) filed [HJR 17](#) this week, which would institute a spending limit in the Missouri Constitution. The measure is similar to Colorado's TABOR amendment, which had devastating economic and budgetary impacts in Colorado.

5. State of the State Address Monday Evening

[Governor Jay Nixon](#) will deliver his State of the State address Monday evening, January 28th, at 7 p.m. In the address, which can be viewed [live online](#), the Governor will release his budget and legislative priorities for the year.

6. Upcoming Hearings

Below are hearings as scheduled at press time. Check the [Missouri Budget Project Facebook page](#) for additional hearing announcements throughout the week.

The [Senate Ways and Means Committee](#) will meet on Thursday, 1/31 at 8 a.m. to take testimony on tax policy issues in general. Committee Chair [Senator Kraus](#), will accept public comments on tax policy via e-mail at taxpolicy@senate.mo.gov and share those comments with the members of the committee.

The [Senate Jobs, Economic Development and Local Government](#) will meet on Wednesday, 1/30 at 1 p.m. in the Senate Lounge to hear several bills, including:

- [SB 5](#) – modifying provisions regarding tax credits and the corporate income tax
- [SB 32](#) – modifying the low-income housing and historic preservation tax credit programs and requiring any increase in revenue to be applied to a decrease in the individual income tax rate

The [Senate Appropriations Committee](#) will meet on **Tuesday, 1/29**, upon morning adjournment in Senate Committee Room 2 for an overview of the Governor's FY 2014 recommendations, FY 2014 statewide issues, and FY 2013 supplemental recommendations.

The [House Appropriations Committee for Health, Mental Health, and Social Services](#) will meet to discuss Medicaid and hear a departmental presentation on Medicaid fraud at 2 p.m. on Tuesday, 1/29 in House Hearing Room 5.

The [House Children, Families, and Persons with Disabilities](#) Committee will hold an executive session on [HB 87](#), regarding benevolent tax credits.

The [House Appropriations Education Committee](#) will hear from Institution Presidents on Tuesday, 1/29 and Wednesday, 1/30, at 2 p.m. in House Hearing Room 1.