

Missouri Budget Project E-News November 18, 2011

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State Update

1. MBP Welcomes Jay Hardenbrook

Please join us in welcoming Jay Hardenbrook to the Missouri Budget Project staff. For over a decade, Jay has worked in public policy in the public and non-profit sectors. He has experience crafting and impacting budgets, revenue and health policy at the state and federal level, and has worked for Legislators, both Republican and Democrat, and non-profits large and small.

Jay has worked as a Finance Aide for the Alaska State Legislature, a Child Advocate with the Partnership for Children in Kansas City, and a Senior Advocate with AARP in Missouri and Arizona.

Jay will be conducting public affairs work for the Missouri Budget Project, including legislative affairs and coalition building.

2. Census Data Examined by Missouri Congressional District

Census data from the recently released American Community Survey show that Missourians' median income has dropped, growing numbers of Missourians are poor, unemployment is high, and record numbers are uninsured. However, individual and family situations vary quite broadly across Missouri's nine Congressional Districts. The Missouri Budget Project recently released a paper, "[Digging Into the Census Data: Poverty, Income, and Health Insurance by Missouri Congressional District](#)," that examines those differences and how the various metrics compare statewide. Click the link above to access the full paper.

http://www.mobudget.org/articles/show/236-Digging_Into_the_Census_Data_Poverty_Income_and_Health_Insurance_by_Congressional_District

3. Senator Blunt Sponsors National Legislation that Supports Streamlined Sales Tax Issues

U.S. Senator Roy Blunt joined a bipartisan group of Senate co-sponsors introducing the “Marketplace Fairness Act,” Senate Bill 1832. This legislation would compel retailers to collect and remit the sales taxes owed on online or catalog sales.

As stated by Senator Blunt in his [press release](http://blunt.senate.gov/public/index.cfm/news?ID=b624ea84-ae85-411c-bbd1-786f07f47136) (<http://blunt.senate.gov/public/index.cfm/news?ID=b624ea84-ae85-411c-bbd1-786f07f47136>), the bill is:

“...an important step in the right direction to allow states to close this tax loophole if they choose to...This bill would help small businesses nationwide by leveling the playing field for local merchants who are disadvantaged because they must collect sales tax while many online and catalog retailers do not...This is **simply a fairness issue to give states a chance to collect sales taxes they are already owed in the way that works best for them, if they choose to do so.**” (emphasis added)

States would still need to pass the streamlined sales tax mechanism in order to simplify their structures and collect these taxes.

Last year, the House Ways and Means Committee voted in support of Streamlined when they amended it to a different bill in committee. Although, in the end, the measure did not receive final approval, the committee’s support of the Streamlined Sales and Use Tax Agreement indicates broad support for the measure.

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.](http://www.mobudget.org/files/Streamlined_Sales_Tax_Fact_Sheet_February_2011.pdf)”
http://www.mobudget.org/files/Streamlined_Sales_Tax_Fact_Sheet_February_2011.pdf

4. Coalition Files Revised Version of Tobacco Proposition

This week, the coalition led by the American Cancer Society re-filed a modified initiative petition that would ask voters to approve a 73-cent per pack increase in the cigarette tax, as well an increase in the tax on other tobacco products. Of the funds raised by the proposition, 50% would be directed towards elementary and secondary education, 30% towards higher education, and 20% towards tobacco prevention and quit assistance.

Changes to the petition filing addressed roll your own tobacco products, as well as loopholes that allowed some tobacco companies to avoid contributions to a fund related to the tobacco settlement.

At 17 cents per pack, Missouri's cigarette tax is well below the national average of \$1.43 per pack. The state's low tobacco taxes may contribute to its unfortunate recognition as a national leader in adult smoking rates and tobacco-related illness and death. In addition, they also impose substantial costs on the state. In a [2010 paper](#), Missouri Budget Project estimated that smoking-related illness cost the state's Medicaid system \$641 million in 2009, of which \$256 million was state general revenue.

The initiative was filed by a coalition of medical and public health professionals, education groups, and community leaders led by the American Cancer Society.

To learn more about the state's cigarette tax, read the Missouri Budget Project report [Missouri Hits Bottom: It's Time for Cigarette Tax Reform](#).
(http://www.mobudget.org/files/Cigarette_Tax_9_1_10.pdf)

5. Happy Thanksgiving from MBP!

Everyone at the Missouri Budget Project wishes you a Happy Thanksgiving. We're thankful for your support and advocacy on behalf of important budget and tax policy issues impacting all Missourians. Have a wonderful holiday!

Federal Update

1. House to Vote on Balanced Budget Amendment

The House is expected to vote today on a Balanced Budget Amendment (BBA) to the Constitution. That amendment would require that spending not exceed revenues in any year. Passage of the BBA would require program cuts averaging 17 percent, if there are not revenue increases. Constitutional amendments require ratification by three-fourths of states and would go into effect two years after ratification or in 2017, whichever is later.

Proponents of the BBA often maintain that the amendment is no different than a family balancing its budget every year. However, if applied to a family, such an amendment would bar student loans, home mortgages, and other investments that cannot simply be paid off in one year. To learn more about this false analogy, click [here](#).
<http://www.offthechartsblog.org/the-false-family-analogy-argument-for-a-balanced-budget-amendment/>

2. Deadline Looming for Congressional Supercommittee

In a week that saw the federal debt pass \$15 trillion dollars, many doubt that the supercommittee will reach any agreement on a deficit reduction package by the November 23rd deadline. The Budget Control Act requires automatic program cuts (sequestration) if that committee fails to act.

Congress did pass a continuing resolution that funds the federal government through December 16. Federal spending authority for the fiscal year that began October 1 was set to end this weekend.