

**Missouri Budget Project E-News
State and Federal Policy Update
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State Issues

1. House Tax Reform Committee to Hear Streamlined Bill

The [House Tax Reform Committee](#) will hear two bills next week that would level the playing field for Missouri businesses by allowing it to collect the sales taxes owed on Internet sales. By allowing the state to join the Streamlined Sales Tax Governing Board, the bills, [HB 1356](#) and [HB 1215](#), would promote equity in sales tax collections so that out-of-state retailers don't have a competitive advantage over local bricks-and-mortar stores. National experts are expected to address committee members next week and share information about the multiple benefits of the measure.

In November, [U.S. Senator Roy Blunt joined a bipartisan group of Senate co-sponsors](#) introducing the "Marketplace Fairness Act," which would compel retailers to collect and remit the sales taxes owed on online or catalog sales.

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.](#)"

2. January General Revenue Collections Increase Budget Concerns

General revenue collections through January 31st increase concerns that the state will have to make mid-year reductions in the current fiscal year (FY 2012) that ends June 30th.

General revenue for the fiscal year has grown by just 1.31 percent compared with FY 2011. To meet the forecast upon which current appropriations are based, revenue must grow by 4.6 percent compared to FY 2011 for the next five months of the fiscal year.

In addition to ongoing appropriations, the state faces increased costs of \$72 million in the current fiscal year for disaster recovery.

As some legislators and the Missouri Budget Project have recommended, the state should consider utilizing its Rainy Day Fund for these costs, but the fund would require some reforms for the state to be able to pay back the withdrawal in a reasonable amount of time. A public vote on those changes would be required because the Rainy Day Fund provisions are constitutional. In December, the House Interim Committee on Disaster Recovery recommended presenting to voters the opportunity to reform the Rainy Day Fund to make it more useful.

Missouri Budget Project has long recommended reforming the state's rainy day fund to make it more responsive to the state's needs. More information on the Rainy Day Fund can be found in MBP's latest paper on the issue, [Missouri's Rainy Day: Utilizing the State Rainy Day Fund and Options for Reform](#).

3. Upcoming Committee Hearings

The [Senate Appropriations Committee](#) will meet on **Tuesday, 2/7, at 8:30 a.m.** in Senate Committee Room 2 regarding the Department of Higher Education.

The [House Appropriations Education Committee](#) will meet on **Tuesday, 2/7, at 2 p.m.** in Hearing Room 1 to review analyst markup sheets. This meeting will continue on Wednesday, 2/8, at 2 p.m.

As mentioned above, the [House Tax Reform Committee](#) will meet on **Wednesday, 2/8, at 8 a.m.** in Hearing Room 5 to hear two bills, [HB 1356](#) and [HB 1215](#), that would level the playing field for Missouri businesses by allowing it to collect the sales taxes owed on Internet sales.