

Missouri Budget Project E-News
State and Federal Policy Update
April 27, 2012

State Issues

- 1. Senate Passes State Budget**
- 2. Almost Everything Tax Fiscal Analysis Rejected**
- 3. Bending the Health Care Cost Curve**
- 4. Upcoming Committee Hearings**

State Issues

1. Senate Passes State Budget

After much delay, the Senate passed the state budget in a late night session that lasted Tuesday night into early Wednesday morning. After more than a week of tense closed door discussions by the majority caucus, a deal materialized. Several issues remained unresolved, however, and several amendments on the floor won or lost on narrow margins.

Early in the debate, an amendment to eliminate the pay increase for state employees who make less than \$45,000 was offered by [Senator Tom Dempsey](#) (R-St. Charles). After much debate and disagreement across party lines, the amendment failed on a 15-17 vote. That vote led to some tense moments as [Senator Jason Crowell](#) (R-Cape Girardeau) once again began filibustering the budget while talks on the tenuous agreement within the majority caucus continued. At one point, [Senator Schaaf](#) (R-St. Joseph) moved that the Senate stand at ease, but the motion was objected to.

Later in the debate, the Senate adopted an amendment by [Senator Lembke](#) (R-St. Louis) to restore funding to medical services for the blind by a 18-15 vote.

As part of the deal made within the Republican caucus, the floor substitute for [House Bill 2011](#) also partially restored funding to the child care subsidy program. The House's version of the state budget has an additional \$5 million in the program to backfill funding that had come from the Federal American Recovery and Reinvestment Act in FY 2012.

The Senate also removed from the budget a \$50 million federal grant that would have allowed the state to update its Medicaid information technology (IT) infrastructure, which is nearly three decades old. Although there is broad agreement that enhancing Missouri's outdated Medicaid IT is essential, the funding was turned away due to concerns over health reform. As a result the full cost of the needed improvements may be borne by the state in future years.

The Senate's inability to pass the tax amnesty proposal, a short term revenue measure that would have brought in an additional \$70 million next fiscal year, has angered many members of the House majority who have passed the bill two sessions in a row only to see it killed in the Senate.

The House has also been discussing several longer term revenue measures in committee, such as the Marketplace Fairness Act (also known as the streamlined sales tax collections mechanism), and increasing Missouri's tobacco tax. These types of measures could provide dollars necessary to fund essential state services and improve the economic climate for Missouri businesses.

Funding swaps, disagreements on funding of line items, and the Senate's failure to pass the tax amnesty proposal will certainly be part of the discussions in the budget conference committee that will most likely begin next week. The Missouri Budget Project is analyzing the differences between the House and Senate approved budgets and will have more details early next week. Please watch our [Facebook Page](#) for this information.

2. Almost Everything Tax Fiscal Analysis Rejected

A Cole County Judge recently threw out the fiscal analysis attached to the "Almost Everything tax" ballot initiative. As a result, unless the ruling is overturned or sufficient signatures are gathered on a redrafted petition by May 6, the initiative will not appear on the November ballot.

A fiscal summary attached to the Almost Everything tax petition indicated the measure would cost \$1.5 billion a year, far short of the potential \$7.5 billion cost to the state found by Judge Patricia Joyce. Judge Joyce noted that while the initiative would require the elimination of the personal income tax, it could not compel the legislature to actually increase the sales tax, resulting in the loss of state revenue.

More on the ruling can be found [here](#) and [here](#).

3. Bending the Health Care Cost Curve

Health care spending continues to rise rapidly, and according to the Missouri Foundation for Health, estimates indicate that health care spending in Missouri will nearly double between 2011 and 2021.

In its new report [*Bending the Health Care Cost Curve: Options for Saving Money and Improving Care*](#), the Missouri Foundation for Health studies six policy options to contain costs and improve the quality of care. The report explores the impact of these options on care, as well as potential cost savings to the state, private employers, and households.

The executive summary of the report can be viewed [here](#), and the entire report can be read [here](#).

4. Upcoming Committee Hearings

There are currently no hearings posted for bills about which the Missouri Budget Project reports. Check the [Missouri Budget Project Facebook page](#) for additional hearing announcements throughout the week.