

Missouri Budget Project Email Update and *Action Alert* May 1, 2009

In This Issue:

- I. State Budget Process Grinds Forward
- II. Status of Tax Bills that Greatly Impact General Revenue and State Services
- III. Status of Health Care for Low-Income Uninsured *Take Action*

I. State Budget Bills Grind Forward

House Bills # 1-13

The Budget Conference Committee began discussions on Wednesday, April 29 to reconcile the differences in the budget bills passed by the House and Senate. These are **HBs 1-13**.

The Budget Conference Committee canceled its Friday meeting and will reconvene on Monday, May 4 at 1 PM in the Third Floor Legislative Library.

At this point in time it appears that:

- Funding for subsidized child care in HB11 and HB21 (if passed by the Senate) will allow services to be continued at the current level,
- Presumptive eligibility for SCHIP is funded at the House proposal, which is a \$300,000 cut from the Governor's \$3.3 mil request. However, there is no funding included currently to offset SCHIP premiums, and
- Health insurance for low income parents has not been decided (see item III Below)

HBs 21 and 22

Budget Chair Allen Icet also introduced **HBs 21 and 22**, which appropriate money from the Federal Stimulus Fund and the Federal Budget Stabilization Fund. The House passed **HB21** and sent it to the Senate. A summary of the main provisions of **HB21** that relate to human services is attached.

HB22 was perfected by the House on April 29, but was defeated in its final vote on April 30. A number of legislators changed their vote after considering the negative effect that **HB22** may have on next year's budget and funding for critical services. **HB22** appropriated \$403 mil for the coming fiscal year (FY2010), and \$151 mil for FY2011.

II. Status of Tax Bills that would greatly affect General Revenue and Services

HJR36 (Emery), was heard by the Senate Ways and Means Committee on April 29. **There was broad opposition to the bill and the hearing will continue next week on Wednesday, May 6th.** As previously reported, the Missouri Budget Project opposes this bill. By replacing personal and corporate income taxes with an increased sales tax, Missouri's tax system would become more regressive, produce less stable and more inadequate income. **Estimates by the Missouri Budget Project, the Institute for Tax and Economic Policy and others all estimate that state general revenue sales tax would need to increase to approximately 9 percent (from 3) to pay for this bill.** It appears that **HJR36** will not pass this year.

HCS/SCS/SB71 passed the House on April 30. Budget Chair Allen Icet amended his proposal to cut income taxes by \$1 billion over two years to **HCS/SCS/SB71 (Stouffer)**. The original intent of the bill was to provide tax credits for donations to programs that serve individuals with a developmental disability. According to the fiscal note, the cost of the tax credits is "unknown".

Representative Icet's provision lowers the tax rate from 6 to 5.5 percent. The estimated cost is \$463 mil (per the current fiscal note) in General Revenue in FY2010. **A floor amendment passed that makes the tax cuts permanent, rather than for just 2 years.**

The Missouri Budget Project strongly opposes **SB71**. In addition to reducing revenue at a time when funding is needed to support vulnerable Missourians and critical services, the benefits of the tax cut go primarily to wealthy Missourians. According to an analysis by the Institute for Taxation and Economic Policy (April 2009), the 40 percent of Missourians with incomes under \$30,000 will receive only 5 percent of the total tax cut benefit. Missourians in the top 20 percent of income will receive 67 percent of the total benefit, and 22 percent of the benefit will go to those with the top 1 percent of income.

III. Status of health care for the low income uninsured remains unknown *Take Action*

The Governor's proposal to insure low income parents with incomes up to 50% of FPL is in limbo. Money to fund this is currently in **HB11**, but the language of the proposal has been removed. It is not clear what this will mean.

What you can do: Contact Conference Committee members Today

Contact conference members right away and ask that they include the **Senate language** in the Medicaid for Parents item in HB 11 of the Budget.

Conferees include:

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SB306 (Dempsey) is still in the House Special Standing Committee on Health Insurance, which reconvenes on Monday 5/4/09 at 1 p.m.. It proposes providing insurance for low income Missourians, but uses a complicated system of Health Savings Accounts, and has some other provisions that are troubling. (See updated analysis on our web site www.mobudget.org.) We are in the process of analyzing the House Committee Substitute, which is quite different from the Senate passed version. It is likely that there will be additional amendments before the bill moves from Committee.

For more information regarding the issues in this update, please contact one of the MBP staff.

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