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For more information contact:
Amy Blouin, Executive Director: 314-518-8867
Heather Lasher Todd, Communications Director: 314-348-1742

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Significant Cuts, Rather Than Revenue Solutions, Prevail During Legislative Session Marked by Missed Opportunities

St. Louis, MO – After a legislative session filled with deep budget cuts, **the Missouri General Assembly will adjourn without taking any positive steps to fix the state's growing revenue shortfall.** In response to a steep decline in revenue, the state legislature passed a budget for fiscal year 2011 that included nearly \$500 million in new cuts, in addition to \$900 million in funds that have been withheld over the last year by Governor Nixon.

"After a decade of decreased funding for services - including education, transportation and health – our state budget was already trimmed down to the bone," said Amy Blouin, Executive Director of the Missouri Budget Project. **"These additional cuts are significant and will impact all Missourians, from the youngest children to our state's seniors."**

During this legislative session **cuts were made to programs including Parents as Teachers, child care assistance for working parents, and Missouri colleges and universities.** Additionally, k-12 school funding will not keep up with the needs of schools, and the career ladder plan for teacher development and curriculum improvements will likely end entirely within 14 months.

For health and mental health services, the impact is also significant. **Residents in many Missouri communities will be left with decreased access to health services as federally qualified health centers' funding was reduced, and state funding for rural health clinics was eliminated completely.** Additional cuts to health and mental health services will leave about 2,200 Missourians with severe mental illness unable to receive treatment.

Services for Missouri's seniors and individuals with a disability were also hit hard, with **severe cuts to the state's area agencies on aging, older adult transportation, and home and community service providers.**

Although the economy has contributed to falling revenue, Missouri's loophole-filled tax structure has created a long-term problem that will not disappear when the economy improves. **Next year Missouri is expected to face an additional \$1 billion budget hole.**

“Many of these harmful cuts could have been avoided if our state legislators had acted on opportunities to reform Missouri’s outdated revenue system,” said Blouin. “There are common sense, bi-partisan solutions that could be enacted to provide real solutions to the problems plaguing our state.”

One measure, the “streamlined sales tax”, would give the state the mechanism to collect the same sales tax that Missourians pay at local retailers for their online purchases. **Not only is Missouri expected to lose \$187 million next year in state and local revenue by not collecting this tax,** but failure to do so gives an unfair advantage to online retailers over Missouri’s bricks and mortar stores.

Another possibility is instituting combined reporting measures to plug corporate tax loopholes. **Currently, multi-state corporations can avoid paying Missouri corporate income tax by headquartering in another state and funneling profits there.** At the same time, Missouri’s locally owned companies are paying the taxes they owe.

“More than half of other states have passed both the streamlined sales tax and combined reporting legislation,” Blouin said. “The longer our state fails to act, the further behind we fall. **Our elected officials must take a more balanced approach and return to the capitol next January prepared to grow revenue, rather than continuing to make these harmful cuts year after year.”**

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The Mission of the Missouri Budget Project is: To advance public policies that improve economic opportunities for all Missourians – particularly low and middle-income families – by providing reliable and objective research, public education and advocacy. More information is available at www.mobudget.org.