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## **Revenue Bills Summary – By Mid-Legislative Session**

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### **Introduction**

The State Legislature is nearing its Spring Break (March 18 -29, 2004), and is now about halfway through the Legislative Session. The deadline for filing bills to be considered this year has passed in the Senate and occurs on March 15<sup>th</sup> in the House. The following summarizes the bills which have been filed that relate to revenue, taxation and fiscal issues. Due to the deadline for filings, it is likely that these will be the “carriers” for new revenue this year.

### **Revenue Raising Bills**

#### ***Cigarette, Tobacco and Alcohol Taxes***

House Bill 1299, sponsored by Representative Vicky Riback Wilson, would increase the Cigarette tax by 55 cents per pack and increase taxes on other tobacco products by 20%. 85% of the revenue raised from the new taxes would be earmarked for Medicaid and the Senior RX Program for one year, 5% would go to tobacco prevention programs, and 10% to the Life Science Fund. A Fiscal Note for the Bill has not been made available yet. The bill has been referred to the House Tax Policy Committee, but a hearing date has not been set. Supporters of this Bill should contact Representative Shannon Cooper to request that a hearing be held.

Senate Bill 839, sponsored by Senator Wayne Goode, would increase the cigarette tax by forty cents per pack, and increase the tax on other tobacco products by 23&1/2 percent. The expected revenue generated from the changes is \$235 million in the first full fiscal year of implementation. The revenue is not earmarked for a specific purpose. The bill has been referred to the Senate Ways and Means Committee, but a hearing date has not been scheduled. Supporters of this bill should contact Senator Carl Vogel and request a hearing date.

House Bill 901, sponsored by Representative Bill Deeken would increase Beer, Wine and Alcohol sales taxes. The expected increase in revenue is \$45 million per year. The new revenue would be earmarked for responding to “alcohol – related” problems, including access to mental health. The Bill has been referred to the House Tax Policy Committee but a hearing has not been scheduled. Supporters of this bill should contact Representative Shannon Cooper and request a hearing.

House Bill 1252, sponsored by Representative Lawson would add an additional 35 cents per pack tax on cigarettes for manufacturers who are not participating in

the “Master Settlement Agreement” of the tobacco lawsuit. The revenue generated is earmarked for use in the administration of the tobacco settlement fund. The tax would sunset after six years. A fiscal note is not available for this bill. The bill has been referred to the House Tax Policy Committee but a hearing date is not set. Supporters should contact Representative Shannon Copper to request a hearing.

### ***Decoupling and Corporate Tax Bills***

Senate Bill 1150, sponsored by Senator Wayne Goode, would modify various provisions of the tax code including: Decoupling from Federal tax changes occurring after January 1, 2004; Decoupling from the Federal Accelerated Depreciation tax deduction for corporations, and would eliminate the single factor discount for corporations filing in multiple states. The fiscal note for this bill is not available yet. The bill has been referred to the Senate Ways and Means Committee but a hearing date has not yet been set. Supporters of this Bill should contact Senator Carl Vogel to request a hearing.

House Bill 1306, sponsored by Representative Marsha Campbell, is similar to Senate Bill 1150 described above. In addition to the components in Senate Bill 1150, this bill would add a 5% increase in income tax for filers with incomes above \$200,000 adjusted gross income. The fiscal note is not yet available for this bill. It has been referred to the House Tax Policy Committee but a hearing has not been scheduled. Supporters of this bill should contact Representative Shannon Cooper to request a hearing.

### ***Income Tax Bills***

Senate Bill 1281, sponsored by Senator Doyle Childers, would increase the state income tax by ½% on adjusted gross incomes of \$9,000 or more. The bill would phase out the increase over a three year period. The fiscal note is not yet available for this bill. The bill will be heard at 5 p.m. on [Tuesday, March 9, 2004](#) in the Senate Ways and Means Committee. Supporters should contact members of the committee as soon as possible.

Senate Bill 1374, sponsored by Senator Mike Gibbons, would make various changes including creating a new “flat” income tax. The flat tax would increase the personal deduction to \$10,000 per taxpayer, \$15,000 for head of household and \$20,000 for couples. The increased deduction would raise the lower base for beginning income taxation assessments. The income tax would adjust from current rates to 4 and ½% for all taxpayers. In addition, the bill reduces the amount of personal property automobile tax, alter the business personal property tax, modify the three-factor apportionment for business tax, and decouple from the federal tax changes occurring after January 1, 2004. The fiscal note is not yet available for this bill, but based on a similar bill from the 2003 Legislative Session, this bill would not raise substantial new revenue, and may actually reduce state revenue. The bill has been sent to the Senate Ways and Means Committee.

### ***Sales Tax Bills***

Senate Bill 1280, sponsored by Senator Doyle Childers, would increase the state sales tax rate by ½ %. The tax would phase out over a period of three years. The change would increase revenue by \$269 million in its first year, decreasing to \$197 million and \$101 million in the phase out years. The bill will be heard at 5 p.m. on [Tuesday, March 9, 2004](#) in the Senate Ways and Means Committee. Supporters should contact members of the committee as soon as possible.

### ***Gaming Bills***

Senate Bill 707, sponsored by Senator Mathewson, would repeal the current \$500 loss limit for gaming, increase the adjusted gross receipts tax on gaming by 1% for facilities making more than \$20 million. The fiscal note estimate ranges from \$50-\$70 million dollars gain for education related funds. This bill has been heard in the Senate Ways and Means Committee. Supporters should contact Senate Ways and Means Committee members to ask for their vote on the bill.

Senate Bill 721, sponsored by Senator Jacob, would repeal the \$500 loss limit, and earmark the revenue gained for the “Education and Job Retraining Program Fund”. The Fund would be used for elementary and secondary education, higher education, and economic development efforts. The fiscal note expects that the Earmarked money would raise \$83-\$95 million, but general revenue would lose \$35 million in fiscal year 2006. This bill has been heard in the Senate Ways and Means Committee. Supporters should contact the Ways and Means Committee members to ask for their vote on the bill.

House Bill 1257, sponsored by Representative Marsha Campbell, would repeal the loss limit, raise the current \$2 admission fee for gaming facilities to \$7; and would increase the tax on gaming facilities from 20% to 22%. Twenty percent of the increased tax on gaming facilities would be earmarked for the Gaming Education Fund, the remainder would benefit general revenue. There is not a fiscal note available for the bill. The bill has not been sent to committee. Supporters should contact Speaker Catherine Hanaway to ask that the bill be assigned a committee and that a hearing be held.

Senate Bill 863, sponsored by Senator Dougherty, would repeal the \$500 loss limit. The increased revenue from this bill is expected to be \$45-\$53 million and would go directly to the Gaming Related Education Fund. A hearing has been conducted in the Senate Ways and Means committee. Supporters should contact the members of the committee to urge their support. An identical bill in the House is HB 815, sponsored by Representative Bland. That bill has not yet been sent to committee.

## **Other Fiscal Impact Bills**

### ***Appropriations Lid***

House Joint Resolution 49, sponsored by Representatives Lager and Bearden, would set a new “appropriations growth limit”. This limit would be in addition to the already established Hancock Revenue Lid. The resolution could have very devastating impacts on the ability of the state to provide for basic services. For more details, please see Missouri Budget Project’s recent paper, *House Joint Resolution 49: Hancock Revisited*, available online at [www.mobudget.org](http://www.mobudget.org). A vote is expected on this resolution in the House Budget Committee on [Wednesday, March 10, 2004](#). Please contact all members of the House Budget Committee in opposition to this resolution.

### ***Rainy Day Fund Changes***

Senate Joint Resolution 43, sponsored by Senator Klindt, would modify the State’s Rainy Day Fund. The resolution requires that in any year of a surplus of funds, 30% of the surplus be deposited into the Rainy Day Account. In years where the Hancock refund is triggered, 50% of the surplus would be deposited into the Rainy Day Fund. In addition, the resolution would adjust the “payback” requirement for use of the rainy day fund. Currently, if the legislature votes to utilize the funds, payback of the funds begins in the next fiscal year and must be completed in three years. This resolution would provide a two-year grace period before payback begins, and lengthen the payback period to four years. In addition, the resolution would reduce the approval of use of the funds from a two-thirds vote of both chambers of the legislature to a simple majority. This resolution would make it easier to tap into the Rainy Day Fund, and would provide for continued funding mechanisms for the fund. A hearing was held in the Senate Government Accountability & Fiscal Oversight Committee on [Monday, March 8, 2004](#). Supporters should contact members of the committee as soon as possible.

### ***“Balanced Budget Amendment”***

House Joint Resolution 28, sponsored by Representative Roark, would alter the state’s constitution to require the Governor present a “balanced budget”, based on the consensus revenue estimate and no new revenue sources. In effect, the resolution would not allow a governor to present a budget proposal that withholds cuts with new tax or revenue proposals. The likely result could be further appropriations cuts than what is warranted. As a resolution, this does not require the Governor’s signature and would go directly to the people for a popular vote. The resolution has been passed by the House Budget Committee and is on the House Calendar for Perfection. Those interested in opposing this resolution should contact their state representatives and Representative Catherine Hanaway, Speaker of the House, as soon as possible. A companion resolution, Senate Joint Resolution 41, sponsored by Senator Kinder, has been heard in the Senate Government Accountability and Fiscal Oversight Committee. To oppose the senate version, contact members of that committee as soon as possible.

***Hancock Amendment Refund Trust Fund***

House Bill 827, sponsored by Representative Paul LeVota, would create the Hancock Amendment Refund Trust Fund. The bill would allow taxpayers scheduled to receive \$10 or less through a Hancock refund to instead designate the refund be directed to the fund. The amount would be credited to the taxpayer on the following year's tax statement. The bill has not been sent to committee. Supporters should contact the House Speaker, Catherine Hanaway, to request the bill be moved to committee.

***Earned Income Tax Credit***

House Bill 1300, sponsored by Representative Vicky Riback Wilson, would create a state earned income tax credit similar to the federal credit. The credit would be worth 5% of the federal in 2006, increasing to 20% of the federal credit in 2010. The bill has been proposed for several years and would predominately assist low to moderate income tax payers. The bill has been sent to the House Tax Policy Committee but a hearing has not yet been scheduled. Supporters of the bill should contact Representative Shannon Cooper to request a hearing.