

Legislative Update - March 18, 2010

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FAIR TAX PROPOSAL: On Thursday the House Ways and Means Committee held a hearing on HJR 56, sponsored by Rep. Ed Emery (R-Lamar). This resolution, supported by Americans for Fair Taxation, would phase out the state income tax over five years and increase and broaden the state sales and use tax. Opposing testimony was given by the Civic Council of Greater Kansas City, Greater Kansas City Chamber of Commerce, Missouri Budget Project, AARP, Missouri Catholic Conference, Catholic Charities of St. Louis, Lutheran Family and Children Services, Missouri Coalition of Children Agencies, Partnership for Children, Missouri Association for Social Welfare, Missouri National Education Association, American Federation of Teachers, Missouri Municipal League, St. Louis County Municipal League, Missouri Association of Realtors, Missouri Broadcasters Association, Missouri Society of CPAs, and the Missouri Hospital Association. The committee did not take any action on the resolution.

The details of the legislation are the following:

.The corporate income and corporate franchise taxes would be eliminated in the first year, while the personal income tax rate would be reduced by about 20 percent a year until it is phased out.

.The sales tax rate would go up to offset the annual reductions in the income tax.

.The general sales tax rate would be capped at 7 percent. (We're presuming that means dedicated taxes and local taxes would come on top of that.)

.The sales tax would not apply to motor fuels, insurance, education (K-12, higher education and vocational education), charitable donations and purchases, food stamp or Women, Infant and Children (WIC) purchases. Other exemptions could only be added by a two-thirds vote of the Legislature.

.Rebates would be given to all households. (No detail yet on how much.)

.The Property Tax Credit (or Circuit Breaker) would be retained.

The plan would be placed on the November 2010 ballot, and if approved would become effective on Jan. 1, 2013.

REBOOTING GOVERNMENT: Senate President Pro Tem Charlie Shields (R-St. Joseph) announced that next Tuesday, March 23, the Senate will dedicate a full work day to discuss ideas relating to the Senate's new "Rebooting Government" initiative in lieu of holding committee hearings.

With the state's budget situation requiring difficult decisions to be made by the Legislature, Sen. Shields recently launched the Rebooting Government program on the Senate website, which invites Missourians to share their ideas on how to rework state government. To date, the Senate has received more than 500 suggestions from Missourians. Next week's work day event is designed for groups of senators to review and discuss the suggestions received and then submit at least five ideas they agree upon to be introduced in legislation or through the budget process.

Eight groups of four senators each will meet to examine ideas in the following categories: Agriculture/Outdoors/Department of Natural Resources, Courts/Legal/Department of Public Safety, Education, General Government/Office of Administration, Retirement, Social Programs, Tax Structure, and Transportation.