

LEGISLATIVE BULLETIN

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LEAGUE OF WOMEN VOTERS OF MISSOURI
8706 Manchester Rd. Suite 104 St. Louis, MO 63144-2724
314-961-6869 (fax 314-961-8393)

email lwwmo@yahoo.com

web www.lwvmissouri.org

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MISSOURI IS IN TUNE WITH LWVUS . . .

Often we hear that Missouri is so different than every other state—but when it comes to issues Leaguers are concerned about, we're right on the money. See the following statement from a recent LWVUS leader's update.

At the January LWVUS Board meeting, the Board approved the following legislative priorities for 2008: Campaign Finance Reform, Civil Liberties, DC Voting Rights, Election Administration, Ethics and Lobbying Reform, Global Climate Change, Health Care Reform, and Tax Policy. Given the current political environment, it was determined that the priorities of the first session of the 110th Congress (2007) are relevant for the second session (2008). The addition of Tax Policy is in recognition that income inequality has grown substantially over the last several years and a comprehensive look at tax policy is possible. These priorities will be regularly reviewed and adjustments could be made should new opportunities for effective action emerge.

PROTECTING MISSOURI'S FAIR AND IMPARTIAL COURTS

The House Special Committee on General Laws heard two joint resolutions (proposed constitutional amendments) affecting Missouri's Non-Partisan Court Plan. HJR 49 (Cox) increases the number of governor-appointed members of the Appellate Judicial Commission from three to five, while HJR 52 (Lembke) would abolish the nonpartisan commission entirely and establish a partisan process for selecting appellate judges. Both plans would further politicize the judge selection process and weaken the separation of powers that the Missouri nonpartisan court plan was designed to protect.

You could write a brief letter (or e-mail) to your representative with the following message: Dear Rep. x, The Missouri nonpartisan court plan was designed to reduce the influence of politics in judicial selection. Proposed changes to the Missouri Plan contained in HJR 49 and 52 serve only one purpose: to increase the amount of political influence in the judicial selection process. I respectfully ask that you reject HJR 49 and 52 and preserve Missouri's nonpartisan court plan and the independence of the judiciary by keeping politics out of our judicial selection process. Sincerely, Ms. LWV.

HEALTH, MENTAL HEALTH, AND CHILDREN – LAEL VON HOLT

LWVMO continues to monitor significant legislation that restores certain benefits under MO HealthNet and that provides increased subsidies and a rating system for childcare. We'll highlight some of that legislation next time. Childcare has long been a priority for League.

Affordable, quality health care has also been a long-standing priority for League, and two health insurance bills are of particular interest toward that goal. Both are systemic in nature and supportable under League positions.

HB 1833 (C. Bland) creates the Missouri Universal Health Assurance Program. This would be the universal health care model presented to the Legislature for a number of years now. Progress has been disappointing, either stalling after second read or—as in 2007—languishing in committee. This year, HB 1833 was second read (1-28-08) but has no committee assignment. MO HealthNet and the more recent Insure Missouri have been dominant in this Legislature.

SB 741 (Bray) allows small employers to join the Missouri Consolidated Health Care Plan, a statutory entity that provides health insurance coverage for employees and retirees of most state agencies. A separate benefit fund would be maintained within the Consolidated Plan for small employers to obtain medical coverage. It was heard in the Health and Mental Health Committee on 2-5-08.

TAX POLICY – ELAINE BLODGETT

Taxes (especially property taxes) have been making headlines this year, due to increases in assessments. Sixteen bills deal with property taxes alone—and two of those want to place limitations in the Constitution. HB 1370 (Will Kraus) exempts real property owned by individuals 65 years of age or older with lower levels of income from increases in assessed valuation. HJR 42 (Cynthia Davis) proposes a constitutional amendment freezing all real property evaluations and tax rates until the sale or transfer of the property or a voter-approved rate increase. The bill that is moving is SB 711 (Gibbons) which mandates tax rate rollbacks by all political subdivisions in reassessment years and makes other modifications. It seeks to force school districts and other local governments to roll their tax rate back, upon reassessment, even if the district has previously approved a higher tax rate (often called a tax rate ceiling). This change would limit growth in local revenues when reassessment causes significant increases in property values and districts maintain their prior tax rate, causing tax bills to rise by the amount of the valuation increase.

What is LWVMO's tax policy? Fiscal stability should be one goal of a good tax policy; that is, a reasonable reserve to maintain services over a period when revenues are unusually low. Another goal is a balanced and equitable mix of taxes. And if equity is important, a rollback provision should protect taxpayers against tax increases resulting from reevaluation.

And the problem? Due to recent increases in property tax assessments in certain counties, the Missouri General Assembly is considering a variety of proposals designed to place additional state-wide restrictions on property tax revenue growth. However, local school property taxes are the largest single source of funding for Missouri's public schools. Thus any proposal that affects the setting of tax rates and the collection of property taxes will have a significant impact on public school funding. Missouri's Department of Elementary and Secondary Education reports that 79% of local funding available for schools comes from property tax. As state funding for local school districts has become limited due to the state budget crisis, Missouri's schools have become increasingly dependent on the local property tax to meet their budgetary needs.

According to the U.S. Census Bureau, the property tax comprises nearly 60% of local government revenue in Missouri, with sales taxes making up the bulk of the remainder. The property tax plays a central role in the ability of local governments to fund education, maintain roads, bridges and airports, provide fire and police protection, enforce building and safety codes, and maintain local parks. The Missouri General Assembly must take care to acknowledge and respect that the property tax is a crucial local funding stream.

A recent Missouri Budget Project report indicates that Missouri's property tax is about the same as it always has been. Despite recent increases, the data indicate that Missouri's property tax is about the same percent of personal income as it was in 1978, remaining relatively stable over the last 30 years. Additionally, Missouri's property tax is lower than 36 other states—and significantly below the national average. The voters in Missouri's localities have previously approved tax rate ceilings based on their knowledge of the funding levels that their communities need in order to adequately fund

their priorities. The General Assembly should take care not to undermine the local control of what is essentially a local tax and revenue issue. (To read the full document, go to www.mobudget.org)

Missouri currently has the ability to protect low-income families with fixed incomes from large tax increases during times of housing value fluctuation with such provisions as the “circuit breaker” and “homestead preservation property tax credits.” Enhancing these credits is one of the easiest and most affordable routes policymakers can utilize to protect those with fixed incomes and ensure that Missourians can keep their homes.

The solution? The solution is difficult. Property tax is an important tax in the mix for localities and school districts—therefore its integrity must be maintained. However, inequities caused by extremes in valuation in recent years must be recognized and dealt with fairly. Too quick or too permanent solutions may mean we will be revisiting this subject in just a few years to reverse them.

AND THE TAXING PROBLEMS CONTINUE . . .

HB 1340 (Muschany) would allow full deductibility of federal income tax on state income tax returns, ultimately reducing state revenues by over \$400 million per year. This would significantly harm the fairness and adequacy of the state taxes that support public schools and other vital services.

Missouri already has an essentially “flat” income tax for all but the lowest 20 percent of taxpayers, since the same rate is applied to all income over \$9,000. The federal income tax, however, is “progressive,” meaning that the rate is higher for higher incomes and thus based more on a taxpayer’s ability to pay. Allowing full deductibility of federal income tax liability will actually make the state income tax “regressive,” since the increasing deduction will reduce the effective state tax rate, but only for higher income taxpayers. Ironically, the bill may also export as much as \$100 million per year from Missouri taxpayers back to the federal government, since the decrease in the federally-deductible state income tax will increase the federal tax for wealthy individuals who see a state income tax reduction.

HB 1551 (Stevenson) eliminating corporate income tax was voted out of committee. This measure will ultimately reduce state revenues by at least \$100 million per year and perhaps considerably more. The fiscal impact is difficult to determine because the state has weakened its tax reporting requirements on corporate franchise and income taxes. Missouri already has the lowest effective corporate income tax rate in the country, relative to the federal corporate tax on activity allocated to our state, among the 46 states that actually have a corporate income tax. Corporations benefit from public investments and public services in Missouri, just as individual citizens do, and it is only fair that corporations doing business in Missouri also help support those investments. This unfair tax change would undermine the revenue that supports public education and healthcare services.

IT’S BAAAAACK . . .

There is a new attempt to make Missouri voters show an official photo ID to vote. You may remember that the Missouri Supreme Court threw out the law passed in 2006. HJR 48 (Cox) proposes that voters amend the constitution to require voter photo ID. League actively worked against this idea in 2006 and is gearing up to oppose the new measure, HJR 48. LWV believes voting is a constitutional right that should not be restricted by unnecessary voter photo identification requirements which disproportionately suppress voter turn out of poor, minority, and elderly voters.

FAIRER ELECTION PROCESS – NANCY COPENHAVER

Three bills (SB 909-Engler, SB 93-Dempsey, and SB 954-Scott), which would enact additional standards for petition circulators, were heard in committee. These bills prohibit paying signature gatherers by the signature, a practice that has been shown to lead to fraudulent practices. SB 909 also requires signature collectors to be U.S. citizens and Missouri residents and to register with the Secretary of State prior to collecting signatures, rather than afterwards. The committee also heard SB 798 (Bray), which increases penalties for signing false names on petitions. These bills are efforts to reduce fraud in the signature-gathering process for initiative petitions and ensure that the initiative process is truly reflective of issues of concern to Missourians and not merely issues of concern to wealthy out-of-state interest groups willing to spend millions to get an issue on the ballot in Missouri. A companion bill HB 1407 (Deeken) has been heard in the House Elections Committee. HB 1763 (Parson) and SB 1003 (Bray) deal with similar issues. No doubt a compilation of these ideas will emerge as a committee substitute so watch for future reports.

LEGISLATIVE DAY IN JEFFERSON CITY – COMING IN MARCH

Save Thursday, **March 13** on your calendar for LWVMO Legislative Day in the Missouri Capitol. Plans are tentative but should include visits by several key legislators regarding issues of particular concern to League, updates on legislation progressing, time to meet with individual legislators to promote League's positions, and networking with other League members around the state. There is no charge for attending this year, but it would be helpful to know how many participants to expect, so an RSVP to Micki at the office would be appreciated.

The Legislative Bulletin is edited by Nancy Copenhaver, LWVMO Leg. Chair and 1st V.P. Questions regarding this or previous bulletins should be directed to her at copenhaver22@sbcglobal.net or the League office at lwvmo@yahoo.com. You may also call the League office, and your comments will be forwarded to her.

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