



LEGISLATIVE BULLETIN

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LEAGUE OF WOMEN VOTERS OF MISSOURI

8706 Manchester Rd. Suite 104 St. Louis, MO 63144-2733

314-961-6869 (fax 314-961-8393)

Email: league@lwvmissouri.org

Web: www.lwvmissouri.org

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PHOTO ID/ADVANCE VOTING UPDATE

The Missouri House Elections Committee has scheduled a hearing for the Photo ID/Advance Voting companion bills, **HJR 14** and **HB 329** for Tuesday, February 8 at 8:15 in Hearing Room 5. The League will be there to testify in opposition along with a number of our partners in this effort to avoid disenfranchising thousands of Missourians.

On January 24, League testified against the photo ID measures in the Senate Financial, Governmental Organizations and Elections Committee. The three bills, **SJR 9**, **SJR 2**, and **SB 3**, would endanger voters' rights and were passed out of committee on January 31. These bills, now on the fast track to the Senate floor, are the legislature's fifth attempt to implement unnecessary and unduly restrictive photo ID law for voting since the Missouri Supreme Court ruled in 2006 that such legislation violates the right to vote as guaranteed by the Missouri Constitution. The League opposes any measures that will impede the fundamental right to vote.

An action alert will be going out soon under our recently instituted Salsa program, thanks to our extremely talented new intern, Lauren Gepford (more info about Lauren in the next Bulletin). It will have information to easily send your Missouri Senator and Representative e-mail about your opposition to photo ID legislation as well as their phone numbers if you choose to call. We are also encouraging letters to the editor about why you oppose this legislation. The information to help you with these letters will be available on the alert and will also be available on the LWVMO website. Please forward this information to your concerned friends as early action is critical to stopping this legislation before it goes to a public vote. Fighting millions of dollars of misleading ads would be an uphill battle.

FROM LWVUS – Legislative Priorities for 2011

The Board adopted the following LWVUS Legislative Priorities for 2011 at its meeting last weekend: Clean Air Defense; Health Care Defense; Money in Elections (campaign finance reform); and Voter Registration and Election Administration. The Legislative Watch List* is as follows: CEDAW (Convention on the Elimination of Discrimination Against Women); Climate Change; Ethics; Immigration; and Safe Drilling and Mining ("Fracking"). **The Watch List means that if an opportunity arises on these issues and does not interfere with action on an*

advocacy priority, the LWVUS may take action if it appears we can make an impact.

The Board discussed many issues and the responses from members suggesting Legislative Priorities. The decisions were made based on what issues are likely to come before the 112th Congress, the opportunities to make an impact, program decisions made at the 2010 Convention, member interest and resources available to manage these priorities effectively. The Board reviews these priorities throughout the year, making changes if warranted.

TAXES – Elaine Blodgett with editing from Nancy Copenhaver

Rep. Chris Kelly, Democrat from Boone County who served in the Missouri House for a number of years in the 1990's and chaired the Budget Committee at that time, is now in his second term serving in a Republican majority House and is back on the Budget Committee. He has more experience than any other sitting House member because of his service before term limits kicked in and his return to the House after term limits were established. Although traditionally a member in the minority would have little clout in this situation, there is pretty widespread recognition of Rep. Kelly's extensive experience and willingness to do thorough research on issues and respect for his knowledge of the budget.

For the above reasons, it bears watching his **HB 152**. Beginning January 1, 2004, through December 31, 2018, this bill decreases the individual income tax rate by 2% for a taxpayer with a taxable income of \$60,000 or less or 1% if his or her taxable income is \$60,001 to \$100,000; eliminates the corporate income tax; authorizes a sales tax of 4% on taxable services; and authorizes the Department of Revenue to establish rules to administer a sales tax rebate program. The rebate will be paid to a taxpayer who qualifies at the end of each calendar quarter and will be equal to \$200 if the taxpayer's income does not exceed 100% of the federal poverty guidelines; \$100 if between 100% and 200%; or \$50 if between 200% and 300%.

Tom Kruckmeyer from the Missouri Budget Project commented about Rep. Kelly's bill recently. "Rep. Kelly's bill is a variation on the various "Eliminate State Income Tax/Replace with an expanded Sales Tax" bills/initiative petitions that are on the street. It seems that some legislative leaders and Gov. Nixon are not enthused with this concept and this bill and others like it, probably face a tough time this year. At the same time, Rex Sinquefield has filed 9 Initiative Petitions that would do variations of this. These are a problem because if one is willing/able to pay firms that hire signature gatherers, almost any proposal can make its way to the ballot. Thus, the MBP is doing all we can to inform the public as to what a bad idea this is."

TAXES – Sydell Shayer with editing from Nancy Copenhaver

This report includes lots of background information. It is hoped that readers will save this Bulletin for reference and future action as this information may not be repeated. Key to action on tax legislation requires an understanding of League positions. ***Basically, LWVMO supports a balanced and progressive tax system to finance necessary governmental services.*** There are several tax bills introduced in this session of the legislature which are of interest to the League.

SJR 1 (Ridgeway) eliminates all corporate and individual income taxes, the corporate and bank franchise tax and present sales and use taxes. After January 1, 2013, “no tax shall be imposed upon any income derived from any source within this state.” [how is that for scary-nc] To make up for any lost revenue, a tax will be imposed on the consumption or use of taxable property or services with some very limited exceptions such as investments or business purposes including tuition and fees paid to an accredited institution of higher education for educational services. All existing tax exemptions other than those just mentioned will cease to exist. The new tax will be 5.11% and is supposed to generate the same revenue as the existing income tax. If necessary a one-time adjustment to the sales tax may be made to assure revenue neutrality. There is included a provision for a sales tax rebate based on federal poverty level guidelines to offset the sales tax on basic necessities. Existing earmarked taxes for conservation, soil and parks and local sales taxes will be adjusted to produce the same amount of revenue. This bill requires voter approval because it is a constitutional amendment. **SJR 1** is in the Ways and Means and Fiscal Oversight Committee. It has been called the “Fair Tax” by its proponents. Opponents consider it a very unfair tax (often referred to as the Mega Sales Tax) because it would take the Missouri tax system back to the dark ages. LWVMO OPPOSES **SJR 1**, as it has in the past, and this will be a priority this session.

League believes that the income tax should be one of the major state tax sources. Corporations should share a larger percentage of Missouri’s income tax burden. Sales taxes should be part of a state tax mix, but not the only tax. According to a study by the Missouri Budget Project, the proposed sales tax is not adequate to compensate for the lost income tax, in other words, the state could no longer maintain the same support of basic services. Because the needs of the state are constantly changing, any state tax system should be flexible and be able to adjust to the varying state revenue needs. Therefore, tax provisions should NOT be in the Constitution where it would be very difficult and lengthy to change. (Check the Missouri Budget Project website for more detailed information)

Cigarette taxes. There are three cigarette tax bills introduced. Missouri has the lowest cigarette tax of the 50 states at \$.17 per pack. The next lowest is Virginia with \$.30 a pack. The national average is \$1.43 per pack with New York’s tax at \$4.35 a pack. Missouri’s bordering states have a \$1.07 per pack average.

Missouri’s revenue has declined substantially over the last few years. The state cut \$912 million from its core programs. The Missouri Budget Project estimates an \$800 million shortfall for FY 2012. A portion of the revenue from the cigarette tax presently supports the state schools money fund and the health initiatives fund. If any of the following cigarette tax increases were to pass, the new money would go into the general revenue.

HB 181 (Nasheed) increases the tax on cigarettes from \$.17 to \$.33 per pack of 20 cigarettes with the new revenue going into the General Revenue Fund. No hearing has been scheduled. LWVMO SUPPORTS.

HB 343 (Still) increases the cigarette tax by \$ 12.5 cents per pack per year for 8 years until the additional tax on cigarette reaches \$1.00. As in **HB 181**, the new increased revenue will go into the General Revenue Fund. The bill increases the tax incrementally because there is a ceiling on

how much new tax money may be raised in a given year without a vote of the people. LWVMO SUPPORTS.

An increase in the cigarette taxes supports several League positions. A portion is earmarked to health and education, the new revenue goes into the general revenue where the League believes the majority of state taxes should go. In addition an increase in the cigarette tax will likely bring down the number of cigarette smokers and reduce health costs for individuals and the state.

HB 342 (Still) increases the cigarette tax by \$1.00 per pack upon a vote of the people, required because of Hancock. LWVMO SUPPORTS.

SB 26 (Tishaura Jones) changes voter authorization on city earnings taxes from every five years to every twenty years, LWVMO SUPPORTS.

This action is a continuation of the League's effort to allow the City of St. Louis and Kansas City to continue to have an earning tax. Because Prop A (which the League opposed) passed last November, both the City of St. Louis and Kansas City must hold elections so that their voters can decide if they choose to retain the earnings tax. If the vote is to retain the earnings tax, that city must ask their voters to vote on the retention of the earnings tax every five years. The League believes this is an unnecessary burden on cities. It is difficult to plan a city budget if one third of its revenue is uncertain every five years. It puts city programs in jeopardy and encourages businesses to lose confidence in the stability of the city. Therefore the change to require a vote on the earnings tax every twenty years reduces the fiscal uncertainty.

ENERGY

The following information is taken from the Missouri Coalition for the Environment E-Alert. On February 1, the Missouri Legislature passed SCR 1. The MO Renewable Energy Standard (RES) was previously expected to create 9,000 jobs and generate \$2 billion in economic activity for Missouri. Removing the geographic sourcing provision will significantly reduce the likelihood of in-state renewable energy development, new jobs, and economic investment. MCE is encouraging messages to the Governor to veto what they describe as a "job-killing measure." They also report that March 29 is the MCE annual Conservation Lobby Day. You may find more information by e-mailing moenviron@moenviron.org.

HEALTH/MENTAL HEALTH – Lael Von Holt

Major action in Congress this week is focused on repeal of the national health reform law, the Patient Protection and Affordable Care Act (PPACA). Since the President signed the law in 2010, LWV has consistently been supportive.

But LWV is NOT supportive of legislation or repeal. You have likely received action alerts from national on this matter. Judicial action by the federal court in Florida has added to the controversy by recently ruling that the PPACA is unconstitutional. The law's mandate appears to be at the core.

The national health reform law is in question at this point. Debate continues, and any resolution will reflect federal legislative action, court judgments, and the balance of powers between Congress, the Judiciary and the Executive. The impact on Missouri is not clear.

Statewide, at the time of this writing, the Missouri Legislature is not in session due to severe weather conditions. But several bills of interest to LWV have already been moving, just one month into the session.

SB 26 (Cunningham), a resolution that urges Attorney General Koster to challenge the federal health reform act, was adopted by the Senate on January 19 and sent to the AG. His response is pending.

SB 44 (Wright-Jones), an act that requires health carriers to devote a certain percentage of health insurance premiums (85%-90%) to be used for payment of healthcare services has been referred to the Senate Small Business, Insurance and Industry Committee.

SB 56 (Rupp), an act that requires the Department of Mental Health to develop a plan for transitioning the provision of services for residents of state facilities for developmental disabilities to the most appropriate community settings has been referred to the Senate Health, Mental Health, Seniors and Families Committee. Budget implications are significant and controversy has emerged.

All three of these bills are of interest to LWV and will be updated, with recommendation, in future Legislative Bulletins.