



The Problems with SB 509

Beyond the most obvious – the hundreds of millions that SB 509 would drain from our schools, critical infrastructure, and social services – SB 509 has many provisions that would create huge, long-term problems for our state.

The so-called “trigger” will NOT protect state revenue for education, infrastructure, or other services.

Despite supporters’ plea to the contrary, the trigger is just a smokescreen.

- The \$150 million trigger in the bill is so small it wouldn’t even keep up with inflation. To maintain existing levels of services, Missouri generally needs to see budget growth of about \$250 million each year. And that doesn’t even account for population changes, caseload growth, or making up for current service shortfalls.
- Even during a recession, the state could easily see a \$150 million bump in state revenue because of one-time events that would have little long-term impact on the state budget.
 - For example, in Fiscal Year 2013, Missouri received a \$38.6 million mortgage settlement payment. Although a one-time, extraordinary, revenue gain, that payment would count toward the \$150 million trigger.
 - In addition, also in Fiscal Year 2013, Missouri had extraordinary growth in income tax revenues. Income tax collections grew by 11.7 percent in that year, compared with the more normal level of growth of 5.9 percent in the prior fiscal year. A large portion of this extraordinary growth is attributed to a one-time bump in capital gains payments that we made due to federal tax changes.

The “trigger” does NOT account for already depleted state services, so recession-era cuts will become Missouri’s new normal.

- The \$150 million trigger ignores the fact that Missouri is already underfunding the foundation formula for K-12 education by more than \$600 million. Moreover, higher education has less state funding today than it did a decade ago, and the state has serious infrastructure needs.

The “trigger” does NOT protect funding for K-12 education.

- Some supporters claim that education is protected because tax cuts will not go into effect until 2017, and elected officials are working towards fully funding education formula by time. However, SB 509 contains *no explicit provisions* to protect funding for education or any other services.

It's irresponsible to design tax policy that won't even go into effect until years down the line.

- Enacting future tax cuts now ties the hands of future legislatures, hampering their ability to address future needs, like natural disasters or an unexpected economic downturn.

Legislators can't fix it.

- Unlike Kansas, Missouri's General Assembly cannot go back and make changes to the tax scheme that would increase state revenue through rate increases without a vote by the people.
- Even if Missouri falls into a recession, and the cuts have not yet gone into effect, legislators cannot adjust the bill without a vote of the people.

The Coalition for Missouri's Future is a group of more than 50 business, labor, education, healthcare, and civic organizations that have come together to educate the public about bad ideas that stop Missouri's progress.

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