

STATE SENATOR Michael R. Gibbons



Report From the 15th Senatorial District

TAXES AND SPENDING: ON A COLLISION COURSE

It's time for Missouri to adopt budget reform. Protecting the taxpayers of this state is – and will continue to be – my number one priority. Taxes and spending are on a collision course in this state, and unless lawmakers change the road we are on, we will be in serious financial trouble.

The 1990s were prosperous for Missouri, Missourians and their state government. This prosperity enabled some reduction in taxes at the end of the 1990s. Unfortunately, spending remained unbridled, increasing at a phenomenal rate. Consider this: from statehood in 1821 to 1992, a period of 171 years, the state's budget grew to 9 billion dollars. Between years 1992 and 2002, the state's budget exploded to \$19 billion. This rate of increase is not sustainable.

There are two options facing the legislature. We can pursue efforts to bring the growth of the state's budget under control so that it more closely tracks the rate of inflation instead of being several times greater than the rate of inflation, or increase taxes. During the coming session, it is my objective to protect the taxpayers from tax increases, and get our budget under control.

Georgia's Example

We can look to other states for ideas that are helpful in improving our state's financial picture. Georgia is one of the states that, a few years ago, adopted a virtual zero

growth policy for each department of state government. It was a good news/bad news story for the state's bureaucracy - the bad news was that no department's budget would increase unless there were extraordinarily compelling reasons, and even if there were such reasons for an increase, the maximum would be no more than 1 to 2 percent.

The good news was that the department heads would have greater flexibility with greater accountability for how the money was spent within their departments. If they managed to make changes that increased efficiency, and resulted in savings, they would be able to carry those savings forward to the following budget year. This common sense approach has allowed Georgia to balance its budget.

In our state, the way we handle the state's budget is guaranteed to maintain the status quo. Innovation and cost savings are not rewarded, and in fact, many times are punished. The Legislature deludes itself into thinking it can micromanage a \$19 billion budget, leading to a very ineffective appropriations process. Out of a \$19 billion budget, we might closely examine \$500 million in changes, but the remaining core budget of \$18.5 billion sails through virtually unexamined.

Make no mistake about it, state government is a big business. I can't imagine there is any successful, large organization that handles its money the way we do. It is time for a change.



Senator Gibbons offers an amendment to the transportation bill in an attempt to ensure accountability.

What About Revenue?

It is clear that Governor Holden is looking for ways to increase the state's revenue. We should avoid raising taxes at all costs, but I do believe that it is time for our state to look at our tax system, which I believe, is broken. Fundamentally, I believe that a tax system should not be for the purpose of redistributing wealth or creating economic or social incentives. It should simply be to fund the basic and essential needs of state government. No more, no less.

Next session I intend to pursue a simplified, single rate tax system for individual taxpayers as a starting point to generate debate. We can establish an individual income tax system that allows for a \$10,000 personal exemption and a single rate of less than 4 percent per person. This would still generate about the same amount of revenue that the existing structure does. There is little or no record keeping required and your tax return could fit on a postcard if not something smaller. The only thing needed to determine the tax due is to take the adjusted gross income from the federal return, subtract the

personal exemption (\$10,000 for a single person, \$20,000 for married couples), and then calculate the taxes.

There will be a lot of discussion on this issue and debate of the details, but the fundamental focus will be to substantially simplify the burden on taxpayers complying with the tax code, creating a tax system that is broad-based, uniform and simple.

Unfortunately, lawmakers failed to take any real action on the state's financial problems until the final week of the 2002 session, when discussion about the budget situation intensified. The governor threatened a special session unless the General

Assembly provided \$167 million in new revenue. The Governor and leadership in the House of Representatives pushed for the passage of Senate Bill 1248, which would have generated between \$169 to \$219 million for Missouri. However, it would have done so at the expense of Missouri businesses that would have been required to pay millions of dollars in additional taxes.

I joined Senate leadership in opposition to these new taxes and we were determined to hold the line. As lawmakers we had to balance the needs of the state against

the harm we could do to Missouri's already weak economy. I was one of the Senators appointed to serve on a conference committee to iron out the differences on Senate Bill 1248. As a member of this committee, I wanted to protect the taxpayers from a state government that does not know how to control spending.

This bill succeeded in balancing the budget without raising taxes by making some common-sense changes. For details on the bill, please call or email my office as listed in this newsletter.



Senator Gibbons visiting with 4th graders from Tillman Elementary School in Kirkwood.



REASSESSMENT REFORM FOLLOWS SUCCESSFUL EFFORT TO PROTECT THE TAXPAYERS' FEDERAL REBATE CHECK

New Law Protects Missouri Homeowners From Tax Attack

I was able to pass the first reassessment reform in 20 years for Missouri homeowners during the final hours of the 2002 legislative session.

This new law establishes a statewide requirement that tax rates be rolled back by subclass of property to insure that for each type of property (residential, commercial and agricultural) the tax rate is reduced by a percentage comparable to the rate of increase for that subclass of property within the taxing district, protecting taxpayers from tax increases caused by reassessment alone. In addition, all taxing jurisdictions throughout the state must roll back their tax rates in the year of reassessment.

The St. Louis County, St. Louis City and St. Charles County assessors have the burden of proof in taxpayer challenges to reassessment. The St. Louis County assessor is now required to make a physical inspection of a home if the assessment has gone up more than 15 percent. Homeowners can request an interior inspection of the property, and the legislation specifies that a "drive-by" does not "constitute a physical inspection."

This legislation allows credit cards to be used as a method of payment for property taxes to the county collectors, while protecting taxpayers by preventing excessive credit card fees for payment.

These provisions will be in effect for St. Louis County for

the 2003 reassessment cycle and takes effect for the other counties in 2005.

This property tax reform is a victory that would not have been possible without the taxpayers speaking out. Thank you for your help.

Protecting Taxpayers' Federal Rebate Check

During the Special Session held in September 2001, I was able to win approval for legislation that protects Missourians from a \$30 million tax increase.

The bill protected Missouri taxpayers who received a federal tax rebate check under President Bush's economic stimulus package. Missouri allows its citizens to deduct federal income taxes paid of up to \$5,000 for individuals and \$10,000 for married couples filing jointly. It is wrong for the state to allow a back-door tax increase on its citizens. Missouri taxpayers had the right to keep all of the money from the special federal tax rebate without having to pay higher taxes to the state.

This was a matter of principle. I found it offensive that when we finally got some tax relief from the federal government, the first thing the state was going to do was take some of that money back. As Chairman of the Senate Ways and Means Committee, I have been in a position to fight to reduce the tax burden on our citizens. It is an effort I will continue.



Senator Gibbons discussing reassessment legislation with Senator Wayne Goode, D-Pasadena Hills.

Did You Know...

...that Senator Gibbons' 15th District Community Services Directory is now on his web page?

Type this address into your web browser:
www.senate.state.mo.us/gibbons

Contact Senator Gibbons:

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Newborn Infants Receive Greater Protection

For the last four years I fought for legislation that will protect Missouri's most vulnerable citizens – newborn infants. This session the General Assembly passed “The Safe Places for Newborns Act” which will shield desperate parents from prosecution who leave their newborn at a hospital. I served as the Senate sponsor of this bill, which is meant to save the lives of newborns by providing the hospital as a safe alternative to leaving a newborn in a Dumpster. We are trying to encourage people to do the safe thing.

Under this new law, parents can leave babies five days old or younger at a hospital in the care of a hospital staff member or volunteer without fear of prosecution. This is really a health issue for newborns. We are offering parents who are under a great deal of stress, a safe haven where they can leave their child.

Missouri's Transportation Crisis

Missouri's highways and bridges and other transportation infrastructure are in need of substantial im-

provement. However, I opposed the gas and sales tax legislation passed this year by the General Assembly that ultimately was rejected by the voters overwhelmingly.

My opposition to this legislation was simple: there was no way to hold the Missouri Department of Transportation accountable for all the new money it would receive, and further, it failed to eliminate the use of transportation funds from previous tax increases for unrelated activities. During the debate on the bill, I offered an amendment that would have required the Department of Transportation to present its budget plans at the beginning of each session of the General Assembly, and gave the Legislature, in extreme circumstances, the ability to suspend the collection of the tax. The amendment was defeated, and unfortunately no other substantial accountability measure was adopted. Therefore, I voted no.

This issue will be back because I believe that transportation is a core function of state government, and it's obvious that we must work to develop a program that protects the taxpayers, addresses our needs, and insures accountability.

Archaic Law Updated

Some desperate parents in Missouri were being asked to make a terrible choice – relinquish legal custody of their children in order to get them mental health services. I was horrified when a constituent brought this issue to my attention and I was successful in my efforts to change this archaic law.

Under the previous law, parents whose children were diagnosed with a serious mental illness and were in need of mental health treatment not covered by insurance or Medicaid, were forced to allow the state to take custody of the child so that a judge could order mental health treatment. Parents who did so often ended up on the state child abuse registry.

Parents turn to the state for mental health services only as a last resort. They should not be put through the wringer in order to get help.

Under the new law passed by the General Assembly, parents can retain custody of their child and a court can order that the child receive the appropriate services in the least restrictive setting possible, based on an individual treatment plan. The old system was simply unfair. Parents should not be asked to choose between the custody of their child or getting much needed assistance for that child.

For a printed copy of the Community Services Directory please contact my office at the address below.

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*15th District Community
Services Directory is now
online! Go to:
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