

Weekly Report
Week of 3-1

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It is no secret that the State of Missouri is facing difficult financial times. While the State was awash in funds during the 1990s many programs were expanded and many worthy projects were funded. However, times have changed and the legislature is taking a long overdue look at where our tax dollars are spent. One of the areas that have come to light is Missouri's expansive use of tax credits. This is a system where the State rewards and promotes particular activities by offering tax breaks for people who do certain things. For example, these incentives are offered for people who invest in restoring historic buildings (\$58 million this year), building a new stadium for the St. Louis Cardinals (\$37 million this year alone) or cleaning up and rebuilding on environmentally damaged sites (\$23 million). Each of these tax credits, as well as many others, may be worthwhile in their own right but the fact is that they are expensive and are competing for scarce state revenues.

Another problem with these credits is that they can be used, not used or in some cases sold by people to other entities. The state currently does not have a method of classifying these credits or precisely monitoring if or how they are used so it is difficult to prepare an accurate estimate of the impact on Missouri's budget for a particular year since these credits can be turned in for payment by the state at the whim of the holder of the credit.

The Missouri Senate has given first-round approval to a measure that would increase oversight of the use of tax credits in Missouri. This bill, SB 1099, is known as the Tax Credit Accountability Act. It would systematically organize tax credits, require those receiving the credits to report on how they are being used, and make this information available to the Legislature, the state auditor, the public and the press.

Unfortunately, this bill would not eliminate any particular tax credits but it will establish a system of monitoring tax credits to enable lawmakers to make informed policy choices about which credits best serve the public. I believe this is a good first step in bringing accountability to this area. The next step is to get rid of some senseless tax credits.

If you have comments or questions about this week's column or any other matter involving state government, please do not hesitate to contact me. You can reach my office by e-mail at matt_bartle@senate.state.mo.us. Also, you can read any of the bills I file on my website at:

<http://www.senate.state.mo.us/04info/members/mem08.htm>). Thank you again for making it possible for me to serve in the Missouri Senate.