



Budget Time

JEFFERSON CITY — The start of the next legislative session is more than two months away, but work has already started on the one thing lawmakers are constitutionally required to do: come up with a state budget. In fact, that process started even before the current budget was finished as we try to make long-range plans for spending YOUR money. So far, the numbers look good, and it looks like we'll continue to have the revenues needed to make sure YOUR priorities, such as more money for schools, adequate healthcare, and taking care of those who cannot take care of themselves, are funded. But there is a note of caution out there about what the future could hold.

First of all, state revenues are continuing to grow. The September 2007 numbers show that, for the Fiscal Year 2008 year-to-date, general revenues have grown by about 3.8 percent. Compared to September of 2006, net general revenue collections for the month are up by 5.8 percent. Those figures show just how healthy our economy is. Other indicators of the economy's health include a 2.6 percent increase in sales and use tax collections (an indicator that consumers are buying goods and spending on services) and a 7.4 percent growth in individual income tax collections (when people are being paid better wages, they pay more in taxes). Furthermore, corporate income and corporate franchise tax collections are up 2.9 percent for the year. As the saying goes, a rising tide lifts all boats, and we all seem to be benefiting from the rise in Missouri's economy. In addition to this being good news for the economy, it is good news for our state budget as the numbers are in line with what we used as projections when we put together the current budget last legislative session.

There are some concerns, however, that the economy could be slowing down. The folks at the Senate's Appropriations office tell me there are some real concerns about how much our revenues will grow due to some weaknesses in the national housing market as well as concerns over current issues with the recent meltdown in some sub-prime lending rates. I think our economy has the strength to weather the possibly-impending economic turbulence.

Missouri's Department of Economic Development has been working hard to make sure that this state is able to rise above any national problems. First of all, in the last couple of years, this state has changed its attitude so employers and entrepreneurs can create good, family-supporting jobs. We've made helping big and small business retain quality jobs a top priority. In fact, despite some setbacks in the form of violent spring and summer storms, drought, and high fuel prices, we have seen the creation of more than 96,000 new jobs since January 2005. Furthermore, the Quality Jobs Act has helped secure the creation of 17,000 new jobs that pay above the average county wage and provide healthcare benefits. The Lewis and Clark Discovery Initiative is putting more that \$335 million in much-needed infrastructure improvements in colleges and universities across the state. We're also ensuring students will be able to go to these schools as we've doubled the amount of state money spent on need-based scholarships. We're helping downtowns rebuild with the Downtown Revitalization and Economic Assistance for Missouri or DREAM initiative, which has already delivered \$30 million to 10 Missouri communities to help revitalize their downtown areas to help spur job growth and economic development. Reforms to our state worker's compensation system have made this state a more business-friendly environment. Meanwhile, we've adopted a fix to the state's ailing Medicaid system, and in the last session passed and implemented the new, pro-active MO HealthNet system. It's no wonder *Expansion Magazine*, a publication that advises businesses across the country on various business climate

issues to be considered prior to relocation, gave Missouri five stars (the most possible) in its 2007 Healthcare Cost Quotient study.

The bottom line is: we've taken the steps necessary to improve this state's economy so that our budget situation is strong... strong enough to stand up to whatever obstacles it might face in the near or distant future. In the meantime, I'll make sure to keep conferring with you to make sure we lawmakers are spending YOUR money on YOUR priorities.

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 phone at (866) 271-2844.