



Tax Cut Package

May 2, 2007

I apologize in advance for the length of this missive, but last Wednesday was probably the most interesting day of my first session. I want to explain why, because I think it's important for you to know why I make the decisions I make.

Near the end of session, once each chamber of the Legislature has passed numerous bills, the Senate leadership decides to hear a handful of House bills, and the House leadership decides to hear a select few Senate bills. Except for passing the budget, neither body is bound to take up legislation passed by the other.

Since the beginning of session, House Speaker [Rod Jetton \(R-Marble Hill\)](#) has said that a tax cut on Social Security benefits is the top priority of House Republicans. The House passed a [\\$285 million version of the tax cut back in February](#). The House Republican plan immediately eliminated all state income taxes on Social Security benefits.

Speaker Jetton voiced frustration about the last few sessions, when the Senate failed to adopt several bills important to him. And, though he admitted that it was ["kind of a second-grade strategy."](#) he vowed that if the Senate didn't pass his tax cut, the House would not pass key Senate bills.

I did not feel that the state could afford a tax cut so large, and I opposed the House bill because it would give millions of dollars to even the wealthiest seniors at a time when [200,000 Missourians had recently lost access to health insurance](#).

Senator [Kevin Engler](#) (R-Farmington) and I discussed revising the bill to make it affordable and to target middle-class seniors for tax relief instead of the wealthy. At Senator Engler's urging, Senate bill sponsor [Jason Crowell](#) (R-Cape Girardeau) proposed a substitute (a revised version of the House bill) that gradually phased in

the tax cut over six years and would cost the state about \$22 million next year, instead of \$177 million. This reduced the bill's cost, but I still felt strongly that Missouri multi-millionaires had no need for a tax giveaway with so many people hurting in my district from Medicaid cuts and rising health care costs.

And so, along with my legislative assistant, Senators [Jolie Justus](#) (D-Kansas City), [Chuck Graham](#) (D-Boone), and their able staff, I prepared 14 amendments to the bill, most of which instituted income eligibility caps at different levels so that the tax cut would focus on middle-class retirees.

One might ask, why prepare 14 amendments instead of just 2 or 3? The answer is that I wanted people to recognize that I was prepared to talk all night and kill the bill unless it was targeted and fiscally responsible.

However, because the House Speaker had pledged to ignore Senate-passed legislation unless this bill was passed, and because there is substantial Senate legislation waiting to be heard in the House that the Senate leadership is anxious to get to the Governor's desk, I believed that the bill was likely to get "PQ'd" - meaning that the majority was likely to move the previous question, thereby cutting off debate to take a vote.

On Wednesday a.m. fellow freshman Senator [Ryan McKenna](#) (D-Barnhart) and I approached Speaker Jetton and Senator Crowell, the bill's sponsors. We told them that we could not support a tax cut that gave away thousands of dollars to multi-millionaires and provided only a few dollars to middle-class seniors. I brought my stack of amendments with me in case there was any doubt that we were serious.

On and off for the next several hours, late into the night, we negotiated and drafted a compromise that, while imperfect, [significantly improved the original bill](#) and made it much more fiscally responsible. We prevented a tax giveaway to the wealthy and targeted tax relief to those in need: middle class retirees who face rising costs on fixed incomes. Additionally, the final version exempts public employee retirement benefits received by teachers, firefighters, police officers, federal workers and others.

A few weeks ago, referring to the resolution of the MOHELA debate, I said that things in the Senate were rarely black and white. The Social Security debate was yet another shade of gray.

I've appreciated all your valuable feedback on my emails thus far. As always, just

reply to this if you have further questions and I'll try to get back to you as soon as I can.

Best,

Jeff

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