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HB 327: That Light at the End of the Tunnel Might Be a Train

Time and again the lobbyists for special interest groups tell the legislature that if only their particular industry could be granted an exemption from state taxes that it would be a great boon to Missouri's public coffers---a few dollars investment up front and there will be light at the end of the economic tunnel. This sales pitch is repeated so often that it is almost a cliché in Jefferson City. Yet, the fact that our statutes are riddled with a half a billion dollars of tax credits for a host of special interest groups testifies to the effectiveness of this catchy slogan.

This year saw yet another so-called economic development bill brought before the General Assembly for consideration. What started out as a bill to increase what could be spent on a job development program soon expanded into a behemoth projected to cost nearly \$200 million per year by 2010. This little engine, a narrowly targeted economic development tool, became a runaway freight train as legislators hitched an ever expanding list of pet tax credits to it.

State governments have become completely drunk on tax credits. The bloated HB 327 is compelling evidence of that reality. While some tax credits may have merit, the proliferation of these giveaways, courtesy of taxpayers, is alarming. Most conspicuous in HB 327 is a tax credit called the Distressed Areas Land Assemblage Tax Credit. Under this proposal, a few thriving developers could redevelop land in St. Louis while being propped up with \$100 million in public money by the time this credit runs out in 2013.

The bill contains several other troubling proposals. There is a tax credit for aviation fuel for airlines' transoceanic flights. The problem is there are no such flights originating in Missouri. This provision could cost our regional airports \$400,000 when airlines claim the exemption for flights that merely connect with transoceanic flights in non-Missouri cities.

HB 327 also offers a tax credit of a dime for each pound a beef cow weighs above 450 pounds. Don't hold your breath for a reduction in the cost of beef at your local grocery store. The bill gives Hollywood film-makers a \$10 million tax credit - as if Hollywood film-makers need a free pass on taxes any more than Missouri companies.

One of the most egregious provisions in HB 327 puts Missouri taxpayers on the line to finance the operation of a private business featuring a train ride along abandoned tracks, complete with a dinner theater. The bill also gives an unelected commission something that only government ought

to have – the right to use eminent domain to accomplish their purposes. If HB 327 had become law, Missourians could have had land taken away while this Colorado company reaped the profits, thanks in part to a Missouri tax credit.

Are you the recipient of a Missouri tax credit? If not, you are actually paying for someone else's tax credit. Wouldn't it be better to reduce the number of tax credits so we could lower everyone's taxes? Tax credits have the state picking winners and losers in the marketplace—something government is ill-equipped to do.

The taxpayers of Missouri needed to be protected from this legislative train wreck. I applaud Governor Blunt for using his veto pen to stop HB 327 from becoming law.

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.mo.gov or by phone at (888) 711-9278. My web address is <http://www.senate.mo.gov/bartle>.