



# Frank Barnitz

State Senator — District 16



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## **Economic Development: Issues, Concerns, and Job Creation**

With the legislative session past the half-way mark, many are speculating on what the big issues for 2009 will end up being. There is no doubt that the economy is on every Missourian's mind, and this is why Senate Bill 45, a piece of legislation aimed at job creation, has attracted so much attention both within and outside of the Capitol. This week, we continued debating this legislation and, although our work continues, I wanted to review some issues, concerns, and positive aspects of this legislation.

One of the top questions being directed to the Senate as a whole when it comes to the jobs bill is, "Why is it taking so long?" In his State of the State Address, the governor announced that he hoped to sign some form of the legislation before the mid-session break. To many of us, this seemed like an admirable goal. But with April right around the corner, and the break come and gone, many are wondering why the Senate is taking so long to get through the legislation. We have to find a balance between the need for deliberation and caution when passing such an expansive piece of legislation and getting good legislation passed efficiently.

Another reason why it is taking so much time for the Senate to complete work on Senate Bill 45 is that the bill has raised some concerns about tax credits—a dollar-for-dollar reduction in tax liability that would otherwise be due to the state. The concerns are legitimate, especially for rural Missouri. Tax credits in our state have exploded in the last 10 years, increasing by approximately 107 percent. Between 2005 and 2008, only 4.6 percent of tax credit spending was focused on rural areas, and only 10.4 percent of the projects were located in rural areas. This is a concern because it seems that this process has not only gotten out of control, but also that it is unevenly favoring urban areas of the state

over rural communities.

The tax credit problem has developed thanks to several factors, but one of the biggest is the influence of special interests. This is especially evident with the example of the Missouri Development Finance Board, which has traditionally been controlled by big corporations. This board has the power to exceed the annual \$10 million issuance cap of development fund contribution tax credits. The process has led the board to award \$153 million in tax credits since 2005. This includes projects to institute stadium enhancements for Missouri's professional sports teams. These large awards are approved without legislative input, and have certainly contributed to revenue shortfalls the state is facing this year.

Ultimately, the goal of Senate Bill 45 is to expand the Quality Jobs program. This program has enjoyed bipartisan support because it encourages employers to expand or move to Missouri and pay their employees well. In order to qualify for the program, the average wage of the new jobs created by the company must be at least the county average wage, and the company must offer health insurance and pay at least 50 percent of the premium. This program has made an important impact in the past, and I will support legislation that expands the program for the future—putting more Missourians to work.

Before the legislative session is over in May, I have no doubt that there will be plenty more discussion on this legislation. It is my hope that we can pass a version of this legislation that makes the important reforms necessary to the tax credit policy in our state while creating more family-supporting jobs in our communities.

## **Contact Me**

As always, I appreciate hearing your comments, opinions and concerns. Please feel free to call me in Jefferson City at (573) 751-2108. You can also write to the address listed below.

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