

**State Senator**

**Jack Goodman** District 29

## THE BUSINESS CONNECTION



**AUGUST 2009 • ECONOMIC DEVELOPMENT • TAX CREDIT REFORM • CAP-AND-TRADE • CARD CHECK**

### Promoting Economic Development

Healthy businesses are the economic drivers in our state and nation. In addition to large-scale employers, it is critical that Missouri maintain and expand on its vibrant small-business sector. Small businesses, the backbone of our local communities, are where the value of hard work is learned. In these especially challenging times, government should help foster the environment needed for businesses to grow and thrive. That's why a significant portion of this year's session was dedicated to economic development.

This year's economic development bill, HB 191, required an extraordinary level of cooperation and patience among all branches of state government. One of the most important components of this legislation expands the incentives available to businesses under the Quality Jobs Program. Quality Jobs provides tax incentives to businesses that create jobs paying above county average wages and pay for at least half of their employees' health care benefits. Creating sustainable jobs that offer competitive salaries and getting Missourians back to work were our primary considerations as this bill was developed. Although I am uncomfortable with our present system of tax credits, Quality Jobs is a program that is widely available and, unlike some other programs, is not designed to have government picking winners and losers in the marketplace.

Other legislation promotes small business growth by imposing a four-year prohibition on any increase in fees for obtaining a small business license and by allowing pre-employment training to be included in the state's new or expanding industry training program. Also included in the new law is language from a bill I sponsored that requires the Office of Administration to maintain the Missouri Accountability Portal, an easy-to-search database of financial transactions related to the purchase of goods and services and the distribution of funds for state programs.



*Senator Goodman at work in the Senate chamber.*

### Reforming Tax Credits

Tax credits were easily one of the most controversial issues this year. After months of intense debate and high emotion, House Bill 191 eventually became the vehicle for some significant progress toward reforming the way we manage our tax credit system.

As the session progressed, discussion of the economic development package naturally dovetailed into closer examination of tax credits. In Missouri, tax credits are typically used to enhance a business' competitive edge by reducing its tax liability. House Bill 191 instituted changes to some of the existing tax credit programs and improved transparency so the state can, at the very least, ensure it is benefiting from the issuance of certain tax credits.

One of these changes included capping Historic Preservation tax credits at \$140 million annually (previously there was no cap). However, smaller projects (receiving less than \$275,000 in tax credits) are not included in the cap amount. Another tax credit reform that passed this legislative session included reining in the Missouri Finance Development Board, which essentially had unlimited power to issue tax credits and could bypass any statutory caps. House Bill 191 limited the board to approving no more than \$25 million in tax credits annually.

Finally, the legislation requires the state to make the tax credit system more transparent. Tax credit recipients must report the number of jobs created as a result of receiving tax credits, and this information must be made available through the Missouri Accountability Portal.

Although HB 191 made good progress on this issue, there is still work to be done. Rather than using taxpayer resources to pick winners and losers in the business world, policymakers should first focus on reducing taxes and burdensome regulations for all businesses in Missouri. Workers in our state are among the most skilled and dedicated individuals in the world. Our businesses already export to markets around the globe. I firmly believe that the more we strive to make Missouri a great place for doing business by removing the obstacles imposed by government, the more companies here will prosper, expand and ultimately, provide our citizens with great jobs.

## Fighting Cap-and-Trade

It is hard to keep track of the spending coming out of Washington, D.C., these days, but a convoluted 1,200-page energy proposal recently passed by the U.S. House has garnered attention across the political spectrum for its outrageous price tag. The cap-and-trade bill passed the House by a slim margin of 219 to 212 and now awaits a vote in the U.S. Senate.

The intent of this legislation is to reduce carbon emissions by imposing a mandatory “cap” and requiring businesses to purchase permits for energy use. Businesses would buy permits to ensure they remain compliant and sell surplus permits they do not use—hence the term “cap-and-trade.” The number of permits available every year would drop gradually until what is considered a “safe” level of emissions is reached.

Ultimately, these allowances will create a new energy tax, which will be passed on to consumers. We are currently in the worst recession in decades and a national energy tax will lead to higher energy prices and further job losses. Even EPA analysts agree that this energy tax will result in job losses.

Not only would the cost of the cap-and-trade plan further cripple the economy, but it will not address environmental concerns. Without

global cooperation on this issue, establishing caps is an exercise in futility, and worse, a sure-fire way to destroy precious jobs. Job providers who can no longer afford to manufacture their products in America after this, the biggest tax increase in American history, will move to other industrialized nations.

The Heritage Foundation has published a state-by-state report on the financial impact of cap-and-trade. In Missouri’s 7<sup>th</sup> and 8<sup>th</sup> U.S. Congressional Districts, both of which contain parts of the 29<sup>th</sup> State Senate District, passage of the bill would result in a total loss of \$594 million in gross state product in 2012 (the year the law would take effect). The organization also estimates that this legislation would eliminate nearly 4,000 jobs that year in each district.

Cap-and-trade legislation is not about cleaning up the environment. The authors of this bill are looking to shift

skyrocketing energy costs from businesses in their states to Missouri and while they are at it, find new revenue to pay for their dubious health care proposals. It is not a coincidence that this bill is sponsored by lawmakers from California and Massachusetts (Waxman-Markey). This is an idea from both coasts that will actually lower their energy bills by doubling yours.



*Senator Goodman meets with a group of constituents.*

## Preserving the Secret Ballot in the Workplace

One of the basic principles of our democracy is that voting should always be a private choice. As Americans, this is one of our most fundamental beliefs.

Now, sadly, there are some who want to deny this basic right in the contentious arena of labor relations. Having become impatient with their lack of success in recent years, special interest groups are pressuring Congress to enact legislation that would ultimately take the fundamental right of a secret ballot from American workers.

For more than 60 years, federal law has protected American workers’ right to vote by secret ballot when deciding whether to form a union. The secret ballot lets workers vote their conscience without risking job loss, coercion or intimidation for making the “wrong” choice. The so-called federal “Employee Free Choice Act” would take that right away.

Currently, a signature-gathering process is used during organization drives to establish what percentage of workers are interested in union representation. If enough workers are interested, then a secret ballot election is held. While the Employee Free Choice Act would not actually repeal the secret ballot election, it would allow the signature collection process to assume the force of a vote so that no election is ever held, exposing workers to outside pressures from both management and labor.

As if this is not dire enough, this jobs-destroying legislation is a direct threat to small businesses and other employers in southwest Missouri. By shortcutting the procedure for unionization and shutting employers out of the process, this legislation will make it easier for unions to be certified and represent employees in businesses of all sizes. Additional labor costs would make it incredibly difficult for



*Senator Goodman's son, Jack, lends a hand in the Senate chamber.*

these businesses to compete in an already battered economy and would force many to lay off workers or shut their doors. In most cases, the costs would be passed on to you, the consumer.

This session I handled HJR 37 in the Senate, which was written to protect the secret ballot for Missouri’s workers. If approved by voters, this resolution would have created a constitutional right in Missouri to cast a secret ballot in all government-regulated elections for labor representation, public office and issue questions. Although the measure was filibustered and failed to pass, my hope is that we will see a successful petition drive to place it on the ballot next November.

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