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*****PRESS RELEASE*****

Governor Nixon Chooses Giveaways over Education

*“Governor’s Proposed Budget Includes Cuts in Education while
Calling for More Tax Credits and Tax Diversions that Don’t Create Jobs”*

JEFFERSON CITY — On Wednesday, Governor Jay Nixon presented his proposed budget to the General Assembly. His budget calls for new tax credits and tax diversions for big businesses and asks Missouri’s public school and colleges to shoulder the burden.

“The Governor has placed tax credits before education and I believe those priorities are backwards,” said Sen. Crowell. “The greatest economic development plan is to invest in a student’s education, which means the Governor should be focused on fully funding the foundation formula and full funding of higher education instead of tax credits and tax diversions to big businesses.

The Governor’s proposed budget includes cutting \$87 million due to K – 12 public schools through the state’s foundation formula and a 5.2% decrease to funding for higher education. After redeeming in SFY 2009 \$584 million in tax credits, and recently issuing \$25 million for the Kansas City Chiefs and another \$19 million for land assemblage in St. Louis, these cuts to education occur while new tax credits and tax diversions are given away to big businesses.

Sen. Crowell commented, “I do not understand how the Governor can decide that a parking lot and indoor practice facility for the Chiefs is more important than investing in a child’s education and future. I believe the majority of Missourians agree and I intend to rein in the abundance of tax credits being distributed to big businesses without a return on investment.”

A return in jobs was promised last session when the Governor and General Assembly leaders promoted tax credits and tax diversions in HB 191. But economic indicators since the passage of HB 191 suggest a different story. Unemployment in Missouri has risen from 8.7% in March of 2009 to 9.6% in December of 2009, nearly 400 businesses have closed in St. Louis due to bankruptcy, and state revenues have decrease 10.6%.

“I have been calling for the Department of Economic Development since August to be held accountable for its claimed job growth,” said Sen. Crowell. “I have requested the number of actual jobs – a job in the private sector where a person is actually receiving a pay check – created because of last year’s tax credits, but to date they cannot show one actual job created because of HB 191.”

In the State of the State speech, the Governor gave the examples that Express Scripts, using BUILD tax credits, will create 300 new “jobs,” McLane grocery distribution, using tax incentives, will create 250 new “jobs,” and Smith Electric Vehicles, using tax credits, will create 200 “jobs.” However, when compared to Department of Economic Development job reports, all three examples are “virtual jobs;” the tax incentives Governor Nixon referred to have not to date created one single job that provides a paycheck to anyone within these companies.

Sen. Crowell continued, “Government does not create jobs, the private sector does. Therefore, if the Governor is truly serious about job creation and retention in Missouri, then he needs to stop the Washington DC style giveaways and start talking about real economic solutions, such as Right to Work and bringing Missouri’s minimum wage in line with the national minimum wage.”

Data released in October of 2009 by the National Institute for Labor Relations Research, utilizing U.S. Department of Labor numbers, shows that jobs in Right to Work states are growing at 9.1%, or at 2.5 times faster than the rate of jobs in non-right to work states. The top five states in terms of job growth between 2003 and 2008 were all Right to Work states while the bottom seven were all forced-union states. The National Institute for Labor Relations Research says this indicates an “extraordinarily strong” correlation between job growth and right to work laws.

“With such clear-cut evidence of becoming a right to work state, it appears as though the Governor would rather protect unions than discuss real, proven ways to draw companies to Missouri, employ Missourians, grow Missouri’s economy, and allow the state to provide full funding for our education priorities,” added Sen. Crowell. “Does the Governor really want Missouri to be number one in job growth or number one in union protection and tax payer funded giveaways to big businesses?”

More than just the loss in resources for Missouri students, Sen. Crowell also expressed a strong concern of the potential for lawsuits by Missouri school districts when Missouri does not fully fund the foundation formula for K-12.

“The decision by the Governor to not provide the required \$106 million needed to fully fund the foundation formula means the Governor has decided to allow tax increases by judicial fiat. While he stands before the General Assembly and declares there will be no tax increase, his budget cuts to education opens the door for the courts through lawsuits to raise Missourians taxes to fund our constitutional obligations to education,” said Sen. Crowell.

Sen. Crowell will file a Right to Work bill to delete the restrictions current law has, which is causing companies to move their jobs to Right to Work states. By becoming a Right to Work state, Missouri can compete for jobs with its bordering states of Kansas, Iowa, Nebraska, Oklahoma, Arkansas, and Tennessee, all of which are Right to Work states. Sen. Crowell will also file a bill to prevent tax credits and tax diversions from being issued to individuals or corporations who contribute to a politician and he has already filed SB 728, which proposes to ensure Missouri’s priorities are protected by subjecting tax credits, just like every other state expenditure, to the appropriations process.

Sen. Crowell concluded that, “In the appropriations process, there would be a greater accountability and fiscal oversight to the way in which tax credits are issued. The clear transparency in awarding a tax credit based on its merit of providing a return of investment will prevent tax credits from being a legislative earmark and resulting in wasteful spending of hard earned taxpayer dollars.”

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