

# Senator Kevin Engler

## Capitol Report

Majority Floor Leader

3rd District



Senator Kevin Engler serves as Majority Floor Leader, the second ranking position in the Senate, and in this role he is responsible for setting the calendar of bills to be discussed by the full Senate.

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July 19, 2010



*Senator Engler in front of the Capitol with his dog, Winston.*

## Special Session Measures Balance Job Incentives While Protecting Taxpayers

Lawmakers were called back to Jefferson City by the governor in June to consider two measures during special session: job creation and retention legislation and a bill reforming the state's pension plan. My colleagues and I were able to accomplish this goal by sending legislation to the governor that supports new, good-paying jobs with benefits to Missourians, while reforming the pension system for new state employees — changes that could keep thousands of jobs, including state jobs, in our state and save taxpayers \$660 million over the next 10 years.

[House Bill 1](#) modifies the retirement system for any person who becomes a state employee on or after Jan. 1, 2011. The changes will not affect current state employees. In fact, this measure will help save hundreds of people's jobs — people who could have been laid off had we not passed this bill.

Members of the new system established under this bill will be required to contribute 4 percent of their pay to the retirement system and work for the state at least 10 years to gain ownership of their benefits. For regular retirement eligibility under the new plan, employees need to reach age 55 with the sum of their age and service equaling at

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least 90 (current employees must be 62 with five years of service or have a combined age and service of 80 years).

House Bill 1 is anticipated to save \$660 million through the next 10 years. The state spent \$163 million this year from General Revenue to fund employee pensions. Taxpayers can no longer afford to pay 100 percent of a state employee's retirement benefits. The system has gotten out of control and measures taken by lawmakers during the special session are the right steps forward in making this plan best work for our state.

Changes also had to be made to our state's pension system to offset the cost of the other special session measure, [House Bill 2](#), also known as the Manufacturing Jobs Act. The bill provides tax incentives for qualified automotive suppliers or manufacturers that create or retain Missouri jobs. Though it can apply to similar companies in our state, this legislation is aimed at enticing the Ford Motor Company to manufacture a new product line at its existing automotive assembly plant in Claycomo, a suburb of Kansas City.

The Legislature made sure that this was not a direct give away and that Ford would have to uphold its end of the bargain, or no money would come their way. The qualified company also must meet a specific set of requirements to receive the tax incentives, including making a capital investment of at least \$75,000 per full-time employee retained at the facility within two years from the date the company begins retaining withholding taxes (in the case of the manufacturing of a new product in Missouri), and committing to make a capital investment of at least \$50,000 per retained job within two years from the company retaining withholding taxes (if a manufacturing company modifies or expands an existing product), among other specifications.

In addition, qualified manufacturing companies are prohibited from double dipping or simultaneously receiving benefits from multiple tax incentive programs. At the same time, if an investment is not made, and jobs are not created, then Missouri does not have to invest in the company.

Thanks to the hard work of my colleagues in both the Senate and the House, we did our part to help save more

than 3,000 jobs in the Kansas City area, as well as thousands of jobs tied into the automotive industry across our state.

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