



MISSOURI SENATE

JEFFERSON CITY

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**A Weekly Column for the
Week of February 1, 2010**

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Tax Credit Crunch

JEFFERSON CITY – This week a committee I serve on heard testimony regarding legislation reviewing all of the tax credits issued by the state. There are currently 54 tax credit programs administered by the Missouri Department of Revenue, and that number is likely to grow. In 2008, \$438.6-million in state tax credits were claimed, an increase from the \$357-million in tax credits claimed in 2005. At a time when state revenue continues to fall due to big drops in sales and income tax collections, it's important that we review the tax credit programs our state offers to make sure we have good public policy.

Senate Bill 728, sponsored by Senator Jason Crowell, would require most tax credit programs to go through the appropriations process. This means that the various tax credit programs would be subject to the same budgetary pressures as education, health care, social services and everything else funded by the state. SB 728 would not modify all state tax credit programs; the senior citizen property tax credit (circuit breaker), the homestead preservation tax credit, the financial and insurance tax credits, the residential treatment agency tax credit, and the community college new job training and retention credits would not be affected by the bill. The bill also would eliminate several tax credit programs, including the transportation development tax credit, the loan guarantee fee tax credit, the dry fire hydrant tax credit, and the qualified research expense tax credit.

I was pleased to see the legislation protects the circuit breaker tax credit program because this property tax relief program is targeted to the people who need it the most – our parents, our grandparents and disabled Missourians. I've been frustrated that the Missouri Department of Revenue recently determined that people who rent their homes from tax-exempt entities no longer qualify for the tax relief program, despite the fact renters have been

receiving this benefit for decades. In response, I filed legislation to ensure that those who have been eligible for the circuit breaker program continue to be eligible. I have also met again with officials from the Department of Revenue about this issue and have shared my concerns with leaders of the Missouri Senate.

It has taken years for us to accumulate the dozens of tax credit programs on the books right now. Many of these programs still provide a valuable service, such as helping our rural communities strengthen their downtowns or providing some tax relief to folks who make their homes more energy efficient, but a number of other programs have outlived their usefulness. I just want to make sure we don't go too far by making all tax credit programs go through the appropriations process. In lean years like this one budget writers might be tempted to withhold money from all tax credit programs, and I think that would be a mistake.

I was honored this week to deliver an address to the monthly Senate Prayer breakfast, a bipartisan event that brings us together in fellowship.

Our office was busy this week with visitors from the 18th Senate District who stopped by the Capitol to discuss issues before the General Assembly this year. Visitors included county commissioners from Ralls, Clark, Lewis, Audrain, Pike, Linn, Lincoln, Scotland, Monroe and Schuyler counties, Brian Crane from Unionville, officials from MODOT Districts 2 and 3, Frank Salter from Continental Cement, staff from the Mexico Veterans' Home, members of our Rural Electric Cooperatives, members of our local Geological Society, a number of local library directors, Dr. Whitlock from Schuyler County, Marcia Dial from the Scotland County Memorial Hospital, Mary Claphan from Unionville who is the Putnam County Administrator for the senior citizens' organization NECAC, members from various community action centers and some area veterans.

I encourage you to stop by our Capitol office for a visit when you're in Jefferson City.

If you have any questions or comments about these or any other issues give my Capitol office a call at (573) 751-7852, send me an email at wes.shoemyer@senate.mo.gov, or drop a line to Room 434, State Capitol, 201 West Capitol Ave., Jefferson City, MO 65101.