

DISTRICT OFFICE
PO Box 62
St. Peters, MO 63376
Telephone (636) 294-2526



CAPITOL OFFICE
State Capitol, Room 433
Jefferson City, MO 65101-6806
Telephone (573) 751-1141
Fax (573) 522-3383
tom.dempsey@senate.mo.gov

MISSOURI SENATE
Majority Caucus Whip
Tom Dempsey
District 23

Capitol Report – February 5, 2010

Fair tax legislation under consideration in the Missouri General Assembly this year is generating much debate in Jefferson City and our state. Lawmakers from both the Senate and House have filed proposed constitutional amendments (SJR 29, SJR 37 & HJR 56) that would allow Missouri voters to decide whether to repeal Missouri's major sources of tax revenue in exchange for a single tax on consumption. A similar measure passed in the House last year but died in the Senate near the end of the legislative session.

Both proponents and opponents of the proposed tax reform, popularly referred to as the "Fair Tax," recently testified before the Senate's Governmental Accountability and Fiscal Oversight Committee. Supporters of the plan testified that eliminating all state income taxes would create a better business environment and increase economic growth in our state. They also assert the tax plan would remove special treatment for certain businesses since abolishing income taxes would eliminate many of the state's tax credits. The sponsors of the legislation have incorporated a "prebate" into the legislation that would guarantee a certain level of one's income escapes taxation.

Conversely, opponents of the plan maintain adopting a single tax on consumption would particularly hurt senior citizens and low-wage earners who typically pay little to no income taxes. Opponents also believe the proposed tax reforms would also put our state at a competitive disadvantage for certain industries.

The proposed fair tax initiatives seek to eliminate the state's income tax, corporate income tax, sales and use tax, corporate franchise tax, and bank franchise tax, as well as the local earnings taxes currently in place in St. Louis City and Kansas City.

These fair tax proposals seek to overhaul our state's tax system and demand serious study from both lawmakers and Missouri citizens. I welcome your opinions on these tax alternatives and other any issues of concern.

Committees:

Appropriations • Commerce, Consumer Protection, Energy and the Environment
Health, Mental Health, Seniors and Families • Jobs, Economic Development and Local Government, Vice-Chair
Healthy Missourians 2020 • Job Creation 2020, Chair • Joint Committee on MO Health Net
Joint Committee on Legislative Research, Chair