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March 12, 2010

Accountability and Oversight

Reshaping Government to Live Within its Means

With the economy continuing to struggle, many Missourians are looking carefully at their budgets to see where their money is going and how they can get their finances balanced. And just as you are finding ways to operate on less and live within your means, there is no reason not to expect your government to do the same. So as Missouri experiences a 12.7% revenue drop in the current fiscal year and with some estimates of a \$500 million shortage in the next, the state too must look into how it is spending your hard earned tax dollars and balance its budget.

This means, we, as Missourians, have the opportunity to reshape state government to rid it of waste and ensure your tax dollars are used efficiently. In my opinion, one area of waste is in tax credits. This is due in large part because there is no oversight and accountability in how these tax credits are issued.



A tax credit is a dollar-for-dollar reduction in tax liability that would otherwise be due to the state. The state offers many tax credits for a diverse list of causes, including historic preservation, low-income housing, livestock breeding, and business development. But the popularity of tax credits can often be traced to the pockets of big businesses and special interests. These special interests are well represented in the halls of the Capitol by lobbyists who convince legislators that special interest tax credits create jobs or enhance economic development when all they really do is line the pockets of their beneficiaries.

Fiscal Year	Redeemed
1999	142,953,469
2000	261,922,226
2001	297,750,752
2002	287,503,418
2003	308,720,438
2004	370,071,336
2005	426,797,418
2006	430,526,401
2007	499,543,365
2008	532,760,796
2009	584,526,191

Total dollar amounts of state tax credits redeemed over the past 10 years.

Provided by the Joint Committee on Tax Policy

And as the influence of these special interests have grown, so too has the expansion of many tax credit programs; at the cost of other state services. In total, Missouri tax credits have increased over the last 10 years by approximately 107 percent equaling \$584 million in 2009. For fiscal year 2010, budget experts estimate the number of tax credits redeemed will grow another 15% to \$678 million. This, while the Department of Elementary and Secondary Education announces \$43 million in cuts to K-12 funding, \$15 million in cuts to school transportation, and a proposed \$87 million cut in K-12 funding by Governor Nixon for fiscal year 2011.

This massive amount of growth needs to be stopped; we must change our policy on the

issuance and authorization of tax credits to include appropriate accountability and fiscal oversight. This legislative session, I am calling for fundamental reform to the way we approve and issue tax credits in our state. This calls for:

- 1). Requiring that all tax credit expenditures be approved like every other state expenditure by the General Assembly through the appropriations process.
- 2). Placing a one-year moratorium to revise the issuance of Low Income Housing tax credits, which according to the Missouri's Auditor, only put 35 cents of every dollar toward housing.
- 3). Preventing those who receive tax credits from influencing the issuance of tax credits by contributing to a politicians campaign account.

In tough economic times, we need to be able to weigh a dollar spent on a tax credit versus a dollar spent on a sheltered workshop or to provide access to healthcare. Missourians need to

be able to evaluate the \$43 million cut in K-12 education, the \$50 million cut to higher education, and next year's proposed \$87 million to K-12 funding against the Missouri Development Finance Board (MDFB) award of \$25 million in tax credits for the Kansas City Chiefs for parking lot enhancements at the Kansas City Chiefs' stadium and a new



indoor training camp in St. Joseph. Whether we spend a dollar on K-12 education or issue a dollar in tax credits, it all costs hard working Missouri taxpayers the same. That is why we must require all tax credit expenditures be accountable to taxpayers in the appropriations process.

Like Missouri families all across our state, I am looking toward the future, and I am concerned about Missouri's financial outlook. This is not the only solution, but simple tax credit reform is one necessary step in reshaping state government's spending of your tax dollars.

If we do not change the way we award tax credits in the state of Missouri, we will create a structural imbalance in our budget that will plague our state's future indefinitely

Contact Me

As always, I appreciate hearing your comments, opinions, and concerns. Please feel free to contact me in Jefferson City at (573) 751-2459. You may write to me at Jason Crowell; Missouri Senate; State Capitol; Jefferson City, MO 65101, or email me at: jcrowell@senate.mo.gov or visit me on the web at <http://www.senate.mo.gov/crowell>.

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