

For Immediate Release

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SHARING A VIEW OF THE STATE

Issues and Comments – 33rd Senatorial District

Senator

Chuck Purgason

This week the budget will move into the conference stage as five members of the House and five members of the Senate will now meet together and try to forge a compromise between the House and Senate positions. This committee will work for the next two weeks with the constitutional deadline for completion of the budget on May 7th.

We have many questions and concerns when it comes to looking at this year's budget. This budget is balanced on \$900 million of federal budget stabilization dollars that will not be available next year. With continued unemployment numbers and a failing economy, we are looking at a shortfall of over \$1 billion in next year's budget.

Of the entire state budget, around \$7 billion is General Revenue or state tax dollars. \$16 billion is federal pass-through dollars over which the state has very little control. That means that the \$1 billion that will be required to be cut next year must come from the \$7 billion of General Revenue. That means that over 15% of that money will need to be found and reduced.

One way we can begin to deal with next year's budget problems is by not allowing legislation that adds to this cost to be passed into law. My job as chairman of the Senate Committee on Governmental Accountability and Fiscal Oversight is to look at bills that add cost to the state. Currently, we have over 60 bills referred to my committee. Many of these are in the dead file because we simply cannot afford them at this time.

In crafting this year's budget, it would be easier if we had total flexibility when it comes to the issue of available General Revenue dollars. This is not the case.

We currently have around \$700 million in tax credits that are issued by the state each year. The committee, as well as the Governor, has shown concern that the legislature's budget committees have little control over this huge part of state spending. Tax credits are basically entitlements that must be paid before any of the state's other obligations are looked at. This has to change if we are to begin to put together a budget next year that does not come down hard on elementary, secondary and higher education obligations.

I believe tax credits are one way that government picks winners and losers in a free market system. Many times these credits are awarded to companies to come into the state to

directly compete with existing businesses. I do not mind the competition, that is how you get a good product at a good price, but to allow government to give special favors and monetary advantages is not a level playing field.

There was an explosion of tax credits in the 1990's when, instead of returning money that was required to be sent back to taxpayers under the Hancock amendment, the state began issuing tax credits to move money around in order not to be in violation of this requirement. This began an explosion of tax credits because other interest groups decided to try to get a piece of the action and this, in turn, began our feeding frenzy when it comes to the expansion of our current tax credit system.

I believe we must begin rethinking the way we approach economic development in our state. We currently compete with other states for jobs by coming up with the biggest Christmas package of goodies and begin the race to the bottom because all the states are suffering financial problems just like the ones the state of Missouri faces.

The facts are that 92% of our jobs are created by small businesses in our state. Why not move to system that fosters small business growth rather than chasing after dream companies that continue to play each state against each other in order to get the best deal?

Government is a poor creator of jobs. Most of the jobs government creates result in more bureaucrats and red tape. I believe we must begin the process of making Missouri a low tax, low regulation state that allows businesses to expand and grow to create a pro-growth economy.

The saying, "I am from the government and I am here to help you," is not a very welcome approach when dealing with a small business owner. The policy we should employ when it comes to job creation is the policy of empowering small businesses to do what they do best --- and that is to grow, create jobs, and pursue the American dream while the role of government is to assure a level playing for all businesses large or small.

As always, I appreciate hearing your comments, opinions, and concerns. I can be reached in Jefferson City at (573)751-1882, you can e-mail me at chuck.purgason@senate.mo.gov or you can write to me by regular mail at 201 WEST CAPITOL AVENUE, ROOM 420, JEFFERSON CITY, MO 65101.

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