



Posted on Thu, Apr. 30, 2009

Mo. House OKs tax cut, defeats stimulus spending

By DAVID A. LIEB
Associated Press Writer

House members passed a \$463 million annual tax cut Thursday but defeated a plan to spend \$336 million of federal stimulus money on projects across Missouri.

Some Republicans cast the dual votes as a choice between pork or pocketbooks, opting against government spending on special projects in favor of letting Missourians keep more of their own money to spend.

Fifty Democrats joined with 32 Republicans in rejecting the stimulus spending bill by an 82-68 vote. The defeat surprised some Republican leaders, because it came just a day after the House had given the bill initial approval.

More than 20 lawmakers, mostly Democrats, switched from supporting the bill Wednesday to opposing it Thursday after Democratic Gov. Jay Nixon's staff indicated to key Democratic House members that the spending package was too costly.

The House has until early next week to reconsider the bill.

Later Thursday, the Republican-led House passed the income tax cut by a partisan 86-66 vote, sending it to the Senate where its future looks bleak.

The proposed one-half percentage point reduction in Missouri's income tax would begin in the 2009 tax year and would be permanent - a change from earlier drafts that would have ended the tax break after two years.

"This is real stimulus. This is what will make our country turn around - give the dollars back to the taxpayers, give the power to the people," said Rep. Stanley Cox, R-Sedalia.

Republican House leaders suggested that money from the federal stimulus package could be used to make up for the lost tax revenues during the next two years. After that, they said the economy should be improved enough to make up for the tax break.

But Senate Republican leaders are skeptical of such claims.

"It's going to be pretty challenging to get something through the Senate like that," said Senate President Pro Tem Charlie Shields, R-St. Joseph. "There's a lot of concern about what happens in our budget after the federal stimulus package ends."

Preliminary estimates from the Missouri Department of Revenue indicate the tax cut would save about \$50 annually for someone with a taxable income of \$10,000 and save \$500 annually for those with a taxable income of \$100,000.

But House Democrats pointed Thursday to a study by the Washington-based Institute on Taxation and Economic Policy, which estimated the poorest 20 percent of Missourians would see an average tax cut of \$5 while the wealthiest 1 percent would see an average tax cut of \$3,644.

Democrats claimed the tax break would do little to spur the economy and primarily benefit the wealthy while amounting to loaf of bread for low-income people.

"It's another crop of baloney," said Rep. Jeff Roorda, D-Barnhart. "Trickle-down economics simply doesn't work. It's more of the same failed policy."

Debate on the tax cut came a couple of hours after the House rejected a budget bill that would have spent \$336 million of federal stimulus money on about 20 projects around the state.

The bill's biggest-ticket item was nearly \$112 million for a new Highway Patrol radio system that also could improve communication among local emergency responders.

More than \$31 million would have gone to build a new cancer hospital at the University of Missouri-Columbia, which has tried for several years to get the project funded through various sources.

The bill would have given \$12 million to help the financially strapped Metro public transit system in St. Louis, which has cut its bus routes and light-rail schedules and laid off workers.

The Metro funding was one of the more divisive projects.

House Speaker Pro Tem Bryan Pratt, R-Blue Springs, voted against the bill and suggested the Metro bailout "may have killed the bill on its own."

Republican Lt. Gov. Peter later convened a media conference call to urge that the bill be revived and to reiterate his support for providing an even larger sum of stimulus money for the St. Louis transit system.

Nixon spokesman Scott Holste said in a written statement that the governor also supports the Metro funding but "agrees with the Legislature that the current bill simply costs too much."

The plan already had been scaled back once because of concern from majority Republicans that they were proposing to spend too much money. On Thursday, some Democrats also denounced the bill for spending money on special-interest projects.

"We have all of these pork projects going to different districts when we need to be saving this money for the services we provide," said Rep. Jason Holzman, D-Kansas City.

Some Democrats also opposed the bill because Republicans bypassed the typical process by initiating the measure in the House Rules Committee instead of the House Budget Committee. They did so to try to move the bill along more quickly.

House Budget Committee Chairman Allen Icet denied that the bill was packed with pork projects.

"All of these benefit the citizens of Missouri," Icet, R-Wildwood, told colleagues shortly before they defeated his legislation.

Stimulus bill is HB22.

Tax cut is SB71.

On the Net:

Legislature: <http://www.moga.mo.gov>

© 2007 Belleville News-Democrat and wire service sources. All Rights Reserved. <http://www.belleville.com>