

Triggers & Protections

1. **Claim:** HB 253 contains triggers that prevent the tax cut from being implemented if revenues don't grow by more than \$100M in any given year.
Truth: The triggers contained in HB 253 are meaningless and give legislators a false sense of security in voting for the bill.
 1. The trigger mechanism doesn't apply to the whole bill. If HB 253 becomes law some of the most costly portions, particularly the 50% deduction on business income, goes into effect immediately.
 2. The trigger does not apply to the \$1.2B cut, once Congress passes the Marketplace Fairness Act.
 3. The triggers are meaningless. The most common trigger is that the tax cut will stop being phased in if at any time revenues do not grow by more than \$100 million. In the midst of the nation's economic recession (2007-2009), state revenues grew by more than \$100 million.
 4. The trigger fails to allow the state to keep up with inflationary growth let alone the needs of a growing and changing population.

2. **Claim:** A provision giving "tax amnesty" to individuals who are behind on their taxes helps make HB 253 more affordable by providing over \$50 million in extra revenue in the first year of implementation.
Truth: The state revenues created through tax amnesty have already been spent to help balance the budget the General Assembly passed for fiscal year 2014. The chairman of the budget committee stated this fact on the floor of the House when the state budget was being approved in May of this year.

3. **Claim:** Even though there are problems with the bill, HB 253 should become law and lawmakers can fix the problems next legislative session.
Truth:
 1. The tax increases that would be required to "fix" HB 253 would trigger the Hancock Amendment and require a vote of the people.
 2. Schools should not hold their breath that HB 253 will be fixed by the General Assembly. The Missouri legislature has continued to fail to address large issues that are facing the state. It is unlikely that the legislature will be able to do something as controversial as raise taxes when they get back to Jefferson City in January. A couple examples...
 - a. Missouri continues to spend almost \$700 million in tax credits. The two largest programs, the low-income housing tax credit and the historic preservation tax credit, are nothing more than multimillion-dollar boondoggles for developers who give millions of dollars to candidates every election cycle. However, the legislature has spoken year after year about reforming tax these programs but nothing has yet been passed.
 - b. The school transfer issue in St. Louis and Kansas City has been a problem for almost five years, yet leaders in Jefferson City have not done anything to help resolve the problem. This has led to the chaos going on in the St. Louis area this year.