

# PATEK & ASSOCIATES, LLC.

GOVERNMENT CONSULTING

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## BUDGET AND EDUCATION

The budget will once again take center stage as most predictions indicate that there will be an approximate \$500 million gap between anticipated revenues and this fiscal year's expenditures. The federal stimulus funds used to fill a big chunk of the budget hole last year are gone, resulting in a gap of nearly \$300 million this year.

Lawmakers will once again work to bring jobs to Missouri. After a contentious special session that dealt mainly with economic development through tax credits, it appears the emphasis this session will be to free business from costly litigation and regulation as a way to draw employers to the state. Issues including tort reform, workers compensation reform and changes to the second injury fund all appear to be on the agenda.

(CRE)

The Consensus Revenue Estimate, a prediction of the general revenue collections expected next fiscal year, was announced last month. Revenues for the next fiscal year are expected to be \$7,585,600,000. The estimate is based on a forecast that state general revenues will increase by 3.9 percent over what has been predicted to be collected this fiscal year. The fiscal year runs from July 1 to June 30 for the State of Missouri budget. The estimate is a forecast of the predicted growth in state general revenue collections, and is used to determine how much revenue will be available for the upcoming year's budget.

The CRE is a result of an agreement between the House Budget Chairman, the Senate Appropriations Chairman, and the Budget Director for the Governor. The estimate is based on economic forecasts and analysis by appropriations staff from the House of Representatives, Senate, and the Division of Budget and Planning within the Office of Administration. An economist for the University of Missouri also assists in the consensus building process.

Education funding will also receive significant debate this year. There will be attempts to reconfigure the school funding formula for elementary and secondary education. Budget battles are sure to occur in the realm of higher education, considering the Governor has suggested reductions for higher education and the legislature has indicated that they will fight the cuts. Education spending accounted for approximately 46 percent of the general revenue budget last year.

## HOUSE OF REPRESENTATIVES BEGINS SESSION

On Wednesday, House Speaker Steven Tilley announced his priorities for the 2012 legislative session. His agenda, a Blueprint for Missouri, includes a Taxpayer Protection Amendment, which would place strict limits on the growth of the state budget. He vowed to produce a balanced budget through spending cuts, not tax increases. In regards to education, he indicated that the House will not ask state colleges universities to sustain massive cuts in order to balance the budget and will work to help students in failing schools. Additionally, the House will work to pass legislation to protect pharmacists' Right of Conscience not to prescribe abortion drugs, create a stable funding source for Missouri Veteran's Homes, and ensure that Missouri Law protects children from predators. Also, the House will attempt to protect Missouri employers from frivolous lawsuits by instituting a "loser pays" legal system, where those who file junk lawsuits are forced to pay the bill.

House Minority Leader Mike Talbot gave a response to the Speaker's remarks, saying he hoped the legislature will address the state's education funding formula. He also cautioned that policy makers should not attempt "to make Missouri pro-business by being anti-worker."

## SENATE LEADER ANNOUNCES PRIORITIES FOR 2012

The 2012 legislative session started Wednesday with opening remarks in the Senate by President Pro Tem, Rob Mayer. The Senate leader emphasized the necessity to produce a balanced budget without tax increases, a challenging endeavor considering the federal stimulus funds that have been propping up the state's budget over the past few years have finally run their course. He highlighted strategies for meeting this goal including adopting the recommendations of the Missouri Working Group on Sentencing and Corrections and continuing the rebooting government initiatives the Senate recommended over the past two years.

Senator Mayer stressed the importance of education funding while also commenting on the need for education reform, specifically identifying the state's two urban school districts, the Kansas City School District and the St. Louis City School District. To help create jobs, the President Pro Tem proposed three initiatives: curbing excessive regulation, altering the Human Rights Act, and reforming the Workers' Compensation System. He also stressed the need for government accountability, citing judicial reform and the continuing investigations into two economic development projects, Mamtek and WiFi Sensors.

[Mayer-OpeningDaySpeech-010412.pdf](#)

## STATE OF THE STATE ADDRESS

The Governor's State of the State address will take place on January 17, 2012. In the address, Governor Nixon will detail a strategy for creating jobs and moving Missouri's economy forward.

## BUSINESS GROUPS ANNOUNCE AGENDA

A coalition of Missouri business organizations announced its top priorities Tuesday, all geared toward producing an environment conducive to job creation and retention. The coalition includes the Missouri Chamber of Commerce, the Associated industries of Missouri, the St. Louis Regional Chamber and Growth Association, the National Federation of Independent Businesses, and a few trade associations. Their three priorities for the 2012 legislative session are:

1. Altering Missouri's workers' compensation system;
2. Changing laws relating to employment discrimination; and
3. Reform of the laws regulating personal injury lawsuits.

## GOVERNOR MAKES APPOINTMENTS

Governor Nixon made the following appointments to the boards and commissions of the state this week.

- Clean Water Commission  
John Cowherd - Mount Vernon
- Coordinating Board for Higher Education  
Brian Fogle - Springfield
- Harris-Stowe State University Board of Regents  
Christine Chadwick - St. Louis
- Labor and Industrial Relations Commission  
James Avery Jr. - St. Louis
- Missouri Development Finance Board  
Bradley G. Gregory - Bolivar
- Missouri Higher Education Loan Authority  
Melanie R. Rippetoe - Vinita Park

- Missouri State University Board of Governors  
Beverly Miller - Lebanon
- Missouri Technology Corporation  
Elizabeth Canuteson - Liberty  
David D. Kerr - Ballwin
- Northwest Missouri State University Board of Regents  
Robert Dowis - Conception
- Platte County Election Board  
Dr. James Dallas Everett - Platte City  
Marvin Ferguson - Parkville
- Regional Convention Center and Sports Complex Authority  
James F. Shrewsbury - St. Louis
- State Fair Commission  
Sherry Jones – Dawn  
Kevin Roberts – Hillsboro
- Truman State University (Student member)  
Michael J. Bushur - Lee's Summit
- University of Missouri Board of Curators (Student member)  
Amy G. Johnson - Kansas City

All of the appointments, with exception of those made to the Missouri Technology Corporation, are subject to Senate confirmation.

## STC MAKES RECOMMENDATIONS TO INCREASE AG VALUES

Citing concerns about volatility in the agricultural sector, the State Tax Commission voted to make only slight changes to the Agricultural Land Productive Values to be used for property assessment in tax years 2013 and 2014. The last time the State Tax Commission proposed a change to agricultural values it was rejected by the General Assembly. Agricultural land productive values have not changed since 1995.

At a brief meeting on Dec. 20, the State Tax Commission voted 2-0 to increase the use values for the four most productive grades of land. The change would result in an increase of approximately eight percent. The vote was also 2-0 in favor of a motion to leave the four less productive grades at current levels. For property tax assessment purposes, agricultural land is divided into eight productivity grades. Productivity grades range from 1

to 8, with Grade 1 being the most productive. Grades 1 to 4 are considered suitable for cash crop production. Grades 5 to 7 are considered most suitable for pasture production. Grade 8 land is considered capable of only limited production. The land grades are based on several factors including soil surveys, soil productivity indexes, and topography. A complete description of each of the productivity grades can be found in 12 CSR 30-4.010.