

MISSOURI IMPACT PRIORITY ISSUES FOR 2008
Tax Reform and Tax Justice

I. THEOLOGICAL BACKGROUND

God's righteousness intends that every child of God will have access to means necessary for abundant life. The opportunity to develop and utilize his/her gifts to provide for what it takes to live and to contribute to the well-being of the community.

It is a basic right of a person, a claim on the means of life to ensure a continuous life; a right to living. It is a right to livelihood, not to be excluded from what it takes to live and to live in community.

The right to livelihood means that each person has a right to revenue: the right to earn income from the use of one's gifts and abilities and a right to income from the production of society as a whole...monies and services provided by the state or government such as aid to children, education, unemployment, Medicaid, Medicare, Social Security, old age benefits, police and fire protection and transportation systems. In both Hebrew and Christian Scripture, God's concern for justice in society and for those in poverty is central. We are called in all areas of life "to do justice, and to love kindness, and to walk humbly with your God." Micah 6:8

II. ROLE OF THE STATE OR GOVERNMENT

The motto of the State of Missouri, adopted by the Missouri General Assembly in 1822, is "Let the welfare of the people be the supreme law." This motto indicates that the founders of the State of Missouri intended that purpose of the State of Missouri is to promote the "welfare" or the well-being of the people, or in slightly different words, the right to "livelihood" or the means of life.

III. THE PRESENT SITUATION OF THE STATE OF MISSOURI TO FULFILL ITS
"SUPREME LAW" THE "WELFARE OF THE PEOPLE"

Missouri is a low tax state. It ranks 47th among the 50 states in state tax collections while it ranks 11th in median household income. Missouri tax revenue is unfair with its heavy reliance upon the regressive sales tax for state and local revenue and a "flat" personal income tax rate of a maximum 6 percent for all income over \$9,000.00.

Missouri continues to be in deep financial crisis. Over the last several years, Missouri has cut more than \$5 billion in state services to education, health care, mental health care and child welfare services. Though the 2008 budget had a surplus of \$200 million due largely to the elimination of approximately 123,000 persons from Medicaid, the Missouri Budget Project estimates there will not be sufficient additional revenue growth to balance the FY 2010 budget. The growing concern about the possibility of a national economic recession and the unexpected decision by Governor Blunt not to run for reelection have created a climate of concern and apprehension about the lack of state financial resources to adequately meet the needs of the people for educational, health and social services.

The Missouri State Budget and the State Revenue System are both moral issues. The Fiscal Year 2008 Budget of \$21.488 billion is inadequate to meet the needs of Missouri citizens, especially the poor and most vulnerable. Because they have the least visibility and influence or "clout" in the General assembly, the state programs and services to meet their needs and the programs that contribute to the common good are the ones that are most often cut. For example, the drastic reduction in Medicaid coverage in Fiscal Year 2005 when nearly 123,000 low income Missourians lost their Medicaid coverage.

The root cause of the continuing moral crisis of the inadequate state budget to meet the needs of our most vulnerable citizens is the moral crisis in the State Revenue System or State Tax Policy. State Tax Policy is horribly out of date. Missouri's individual income tax structure was created in 1931, more than 77 years ago. The rates have been adjusted only once in 75 years and the basic structure has remained the same with the brackets only going up to \$9,000 annual taxable income. Above \$9,000, the rate remains at 6%, giving Missouri in effect a flat tax. A \$9,000 income in 1931 is the equivalent of more than a \$1.5 million income in 2008. This vast increase in individual income is not recognized by Missouri's tax policy. This creates the great injustice and moral crisis that those with the ability to pay more are not required to pay their fair share of the tax burden to support the common good. The result is the burden is shifted to those with less ability to pay. In 2005 the tax burden for the 20% families in Missouri with the lowest incomes (less than \$16,000, with an average income of \$10,000) had a tax burden for Missouri state and local taxes of 9.1%. Missourians in the top 1% of income (more than \$303,000 or more with average income of \$808,000) had a tax burden for Missouri state and local taxes of 5.4%. Persons with the highest income had a tax burden (or share of family income) almost half as much as persons in the lowest income group. Under Missouri's present regressive tax system, those with the least income pay a share of their family income almost twice as much as those with the largest income. This is morally wrong and violates the teaching of the Hebrew and Christian Scriptures which proclaim God's special care and concern for the "least of these".

IV. PROPOSED TAX REFORM POLICIES PRIORITIES IN THE 2008-9 LEGISLATIVE SESSION

IMPACT's top priority is to preserve, restore and enhance state programs that provide support and hope to our most vulnerable citizens...those without access to adequate health care, the elderly, children, single parent families, the unemployed, and the working poor who do not earn a "living wage".

IMPACT will work with a coalition to restore and improve access to quality health care those who lost Medicaid coverage and those without access to affordable, quality health care. Health care is human right. It is a sin that the United States, as a developed nation, has not found a way to provide health care to all its citizens.

IMPACT will oppose all efforts to cut taxes and reduce state revenues. IMPACT will also support increased state individual income and state corporate income taxes that will produce more adequate revenue to meet the basic needs of its citizens and promote the common good with taxes that are just and fair and based upon the ability pay.

IMPACT will support tax policies that understand tax revenues as the primary source of public investment in the well being of its citizens and the common good of all.

IMPACT will support policies that guard and protect this unique resource for investment in the health and well being of the community and all its citizens and policies which prevent waste, fraud, abuse and curtail misappropriation for private gain or special privilege.

IMPACT will support bills to require corporate income tax disclosure and efforts to close corporate tax loopholes so those corporations pay their fair share.

IMPACT will support legislation that will reform the payday loan industry in Missouri to limit interest rates and prohibit renewals to avoid interest limitations.

IMPACT will support legislation to make the state individual income tax more progressive to provide tax reduction to Missourians in the lowest sixty percent of income brackets while increasing taxes based on the ability to pay in order to provide an additional \$1 billion state revenue.

IMPACT will oppose efforts to constitutionally earmark a portion of increased state revenues for state transportation funding or to fund state transportation funding with state sales tax increase.