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penny to pay for specific transportation projects. Part of the money would be allotted to cities and counties for upkeep of local roads and bridges. The 1-cent tax would expire in 10 years.

Jan. 25, 2013

Missouri legislators are drawing up plans for a massive bond issue for state buildings and highways, though the prospect of a sales tax increase to help pay off the debt could scuttle the deal.

The Republican leader of the House, Speaker Tim Jones of Eureka, said Wednesday that he had appointed a special committee to develop a bonding package that would eventually be submitted to state voters.

Interest rates and construction costs are at historic lows and a 1983 state bond issue has been paid off, freeing up millions of dollars that could go toward a new building boom, Jones said. But how big that bond issue would be — and exactly how the state would pay for it — remain unclear.

Legislators contend that no tax increase would be needed to issue up to \$950 million in bonds for college campuses, state parks and mental hospitals. They say bond payments could come from the growth in state tax collections and the savings from retiring the 30-year bond issue.

But that package doesn't include highway upgrades, which could cost an additional \$600 million to \$1 billion a year.

"If we did highways, we'd have to think about (raising) revenue," said Rep. Chris Kelly, D-Columbia. Kelly will head the special committee appointed by Jones to work out the details.

The Republican-led Legislature has opposed tax increases in the past. But as other

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Authorities say that boosting the sales tax by a penny would produce about \$700 million a year, with part of the money paying off highway bonds and the rest financing repairs and mass transit. Sen. Mike Kehoe, R-Jefferson City and a former state highway commissioner, is drafting that plan, which is expected to be introduced in a few weeks. If approved by the Legislature, it could be on the November 2014 ballot.

Missouri issued \$600 million in building bonds in 1983, when Republican Christopher "Kit" Bond was governor. Those bonds were paid off last year. The final payment of \$4.3 million was made in October. Gov. Jay Nixon, a Democrat, said in an interview this month that he was open to the idea of issuing more bonds, especially for mental hospitals and parks, but only if a dedicated revenue source was established.

"If you're going to do bonds, you've got to have a way to pay for them, and the most clear of those is to check the growth of tax credits," Nixon said. The governor has been pushing for several years to rein in tax credits, especially two expensive programs that subsidize housing development and renovation of historic buildings.

The governor was cool to the idea of taking on more state debt for higher education. He said math and science buildings might merit state funding, but colleges and universities have "separate bond capacities they've accessed" to cover building needs.

"The challenge we face in higher education — more access, accountability, less cost, nontraditional students — I'm not sure all of those are answered by buildings," Nixon said. Nixon is expected to offer more details on his views Monday when he makes his "State of the State" address and presents his budget proposal to the Legislature.

Kelly said that while he hopes Nixon signs on to the bonding plan, the Legislature

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— is backing a transportation tax.

Among the various ways to raise money, “the one we think would fly would be the 1-cent sales tax increase,” the group’s executive director, Ron Leone, told reporters last month. “Everybody benefits, everybody pays,” he said.

Jones, who held a news conference Wednesday with Kelly by his side, said a bond issue was not a partisan issue and would “take a lot of heavy lifting on both sides of the aisle.”

The speaker noted that college campuses, the mental health agency and highway officials all have long wish lists that have gone unfunded for years.

“We could put people to work almost immediately,” Jones said. “These projects are on the books.”

The Missouri Chamber of Commerce and Industry said it was on board, terming the plan “a unique opportunity to tap into millions of dollars that were previously committed to the Third State Building Fund,” the bond issue that was retired last fall.

Competition for new bond money would be fierce. For example, the top priority for the University of Missouri-St. Louis is the long-stalled renovation of the Benton and Stadler Hall science complex. UMSL is financing a \$30 million addition to the halls but is still seeking \$60 million in state money to renovate the buildings.

Under a 2007 law, colleges and universities were supposed to get money for capital projects from a student loan authority, but that plan sputtered when the economy faltered.

Jones said legislators would have to keep the bond issue to a reasonable size. “We have to make sure it’s not too large an animal that it sinks under its own weight,” he

said.

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