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Jun. 05, 2013

Missouri Governor Jay Nixon vetoed a broad-based tax cut bill on Wednesday that Missouri lawmakers have hailed as one of their key accomplishments of the 2013 legislative session.

In a lengthy veto message released this morning, Nixon called the bill, which would cut taxes for individuals and businesses for the first time in 90 years, an “ill-conceived, fiscally irresponsible experiment that would inject far-reaching uncertainty into our economy, undermine our state’s fiscal health and jeopardize basic funding for education and vital public services.”

Nixon, a Democrat, has hinted in recent weeks that he was leaning toward vetoing the bill, which would reduce state tax collections by more than \$700 million a year when fully implemented in 10 years.

Supporters of the tax cut claim it will put more money in people’s pockets and help the state compete with its neighbors, including Kansas and Oklahoma — both of which have recently reduced their income taxes.

Opponents, including Nixon, have argued it will force cutbacks in the state budget, including funding for public education which is already underfunded yearly.

During a May 10 news conference, Nixon referred to the plan as a “reckless, Washington-style gimmick.” Last week, his office sent out a news release drawing attention to a mistake in bill drafting that would remove a sales tax exemption for prescription drugs, effectively increasing the costs of medicine for millions of Missourians. The prescription drug issue is also noted in his veto message.

Sen. Will Kraus, a Republican from Lee's Summit who handled the bill in the Senate,

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Kraus said the plan is modest and fiscally sound because the cuts are phased in slowly over time, and only if state revenue grows by at least \$100 million a year.

“With both the \$100 million trigger and the 10-year phase-in, this bill is a responsible way to make Missouri more competitive in the national job market,” he said.

The Republican-controlled Legislature will have an opportunity to try to override the veto when legislators return to the Capitol in September for their annual veto session. An override would require support from two-thirds of the members in the House (109 votes in favor of the override) and Senate (23 votes in favor).

The bill passed the Senate last month in a 24-9 vote, but the math gets a bit trickier in the House.

If the entire House GOP majority sticks together, it will have the minimum votes needed, but the tax reform bill passed the chamber in a 103-51 vote, with three Republicans voting against the bill.

Today's veto marks the second this week. On Monday, Nixon nixed legislation dealing with foreign laws. He said the legislation could affect Missourians who adopt children from other countries.

The tax reform bill is House Bill 253.

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State and Local Taxes

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