



## Mo. lawmakers try to rein in tax credit programs

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JEFFERSON CITY — "I am a recovering tax credit addict."

Sen. Matt Bartle used those words in jest Tuesday, but he was serious about his point — that state tax credits are out of control.

Bartle, R-Lee's Summit, teamed with six other Republican senators to slow down a jobs bill pushed by Gov. Jay Nixon, a Democrat. The critics said they won't let the bill pass until it reins in what they consider runaway tax credit programs.

Missouri gives out more than \$600 million a year in tax credits. Beneficiaries range from farmers and historic preservationists to filmmakers and housing developers.

Bartle said Missouri and neighboring states keep upping the ante, trying to outdo each other. But the game never ends, draining money from other vital services, he said.

"We're almost operating as if tax credits were money from God, created in heaven," Bartle said.

At issue was a \$90 million package that would beef up subsidies for employers who add or retain jobs that pay at least the county's average wage. New tax breaks would go to data storage businesses in underground mines and investors in high-tech firms, among others.

Nixon wants the bill on his desk by March 12.

Supporters, led by Sen. David Pearce, R-Warrensburg, said the measure would create up to 30,000 jobs, primarily by doubling the tax credits authorized

under the state's "Quality Jobs" program.

Critics portrayed the bill as a grabbag of "designer tax credits" for special interests. They said they needed time to rework it to ensure that the Legislature keeps a handle on tax dollars.

"I'm tired of fighting the Gucci suits and alligator shoes" of lobbyists pressing for the bill, said Sen. Jason Crowell, R-Cape Girardeau.

Critics said groups receiving tax credits end up with privileged status because they need not fight each year for scarce state appropriations. Instead, they receive off-budget certificates that can be used to reduce state taxes or sold for cash.

Much of the criticism revolves around the rapidly growing historic preservation program. Its cost went from \$2.5 million in redeemed credits in 1999 to \$133 million in 2007.

In the first seven months of this fiscal year, the Missouri Department of Economic Development has approved more than \$190 million in historic preservation credits, said Sen. Brad Lager, R-Savannah. He said no other state spends more than \$14 million to rehab old buildings.

"There are a growing number of members of this body that believe we have become drunk on tax credits," Lager said.

But each program has strong supporters. Historic preservationists, for example, have geared up to fight any reductions in that credit.

Under current law, eligible projects receive credits worth 25 percent of the costs of rehabilitating historic buildings. The Senate bill would reduce the credit to 20 percent of the cost.

Jerry Schlichter, a St. Louis attorney who helped write the law, said in an interview Tuesday that Missouri's historic credit is "a national model" that has produced dividends.

According to Washington economist Donovan Rypkema, the state credit created 40,000 jobs, according to Schlichter. It also encourages urban development rather than costly suburban sprawl, he said.

"It's the most successful economic development program in the state, by far," Schlichter said.

Pearce, the jobs bill's sponsor, said he would work with critics to find a compromise, but the economy needs a jump-start quickly.

"It's safe to say seven people have some concerns," Pearce said. "I do want to know, 'Where's their plan?'"

The jobs bills are SB45 and HB191.

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