

FACT SHEET: HOUSE BILL 253

On June 5, 2013, Governor Nixon vetoed House Bill 253 because it would increase taxes on prescription drugs and college textbooks, cause irreparable harm to public education and other vital services, and undermine economic growth.

Missouri already has some of the lowest taxes in the nation. Missouri has the seventh-lowest state taxes as a percentage of personal income, the fifth-lowest in per capita state taxes in the country, and the eighth-lowest effective business tax rate.

House Bill 253 would cost more than \$800 million per year. The cost of HB 253 would exceed \$800 million annually, the equivalent of closing all of our state prisons, eliminating entirely the Department of Mental Health, or cutting all funding to our colleges and universities.

House Bill 253 would undermine Missouri's competitiveness and weaken our economy. House Bill 253 would inject dangerous levels of uncertainty into Missouri's business climate and weaken our economy. Kansas, whose plan House Bill 253 seeks to emulate, recently raised sales taxes by \$777 million and make harmful cuts to education to begin to make up for a steep decline in revenue.

Business leaders oppose House Bill 253. The Civic Council of Kansas City, an organization representing the CEOs of some of the largest companies in the Kansas City area, applauded the Governor's veto, saying that the bill would do "nothing to create jobs or make businesses more competitive."

House Bill 253 would impact the state budget beginning this year. Two of the most costly items would take effect without any increase in revenue collections and could reduce revenues available for the state budget beginning on July 1, by as much as **\$1.2 billion**. For example, if Congress enacts the Federal Marketplace Fairness Act, House Bill 253 would immediately reduce the upper income tax rate and reduce revenue by about \$300 million for the current tax year. It would also reduce the tax rate for all prior years. Taxpayers could claim refunds for the three most recent years, which would cost another \$900 million; for a total cost of \$1.2 billion.

House Bill 253 would irreparably harm education and vital public services. House Bill 253 and its \$800 million annual price tag would leave a gaping budget hole for decades to come, which would jeopardize funding for K-12 education, Missouri's colleges and universities, local and state public safety agencies and other vital services.

House Bill 253 would make Missouri's tax code less fair. Benefits from House Bill 253 would go to lawyers, lobbyists and the most affluent – while its costs would be borne by all Missourians.

House Bill 253 would increase taxes on Missourian's prescription drugs. House 253 would eliminate the long-standing sales tax exemption on prescription drugs, which has made prescription drugs more affordable since 1979. By eliminating this exemption, House Bill 253 would impose a \$200 million tax increase on Missourians in need of prescription medication.

House Bill 253 would increase taxes on college textbooks. House 253 would eliminate the current sales tax exemption on college textbooks. This would increase the cost of college for Missouri students, when other provisions of the bill would reduce revenue available to fund our colleges and universities.

WHAT OTHERS SAY:

"Missouri can't afford to put state funding for our public schools in jeopardy with unaffordable and irresponsible tax cuts. We need to be making more investments in education, especially in early childhood education, not cutting the revenue available to fund our public schools. Quality public schools are not only important to our children and families, they're also vital to the economic health and vitality of our state." -- **Dr. Carter Ward, Executive Director of the Missouri School Boards' Association.**

"Missouri already has a very competitive tax and regulatory environment. Missouri must maintain quality public services to remain competitive. An excellent K-12 education system and world class, affordable colleges and universities that produce a skilled, 21st Century workforce, an efficient transportation infrastructure and reliable public safety are essential to our state's success. The Civic Council believes that HB 253 will result in a significant loss of state general fund revenues necessitating drastic cuts to funding for education (pre-K, K-12 and higher), social services and infrastructure." -- **Donald J. Hall Jr., Chair of The Civic Council of Greater Kansas City.**

"House Bill 253 poses a serious threat to college quality and affordability in the Show-Me State. Other states pursuing this type of unbalanced tax policy are experiencing program erosion and facing spikes in tuition. Our education system is a critical component to economic development and our Missouri students and families should not have to bear the costs of tax policies with unintended consequences. We look forward to working with our elected representatives and the Governor to continue moving higher education, and for that matter, early childhood, elementary and secondary and higher education, forward in Missouri." -- **Dr. John Jasinski, the newly elected president of the Council on Public Higher Education (COPHE) and president of Northwest Missouri State University.**

"For cancer patients whose prescription medications can cost thousands of dollars per month, maintaining this exemption is absolutely vital. The average cost of a 30-day cancer drug prescription was more than \$1,600 in 2006 and has risen since then. A recent study found that one in six cancer patients with high out-of-pocket costs abandons their medication. House Bill 253 would increase these costs further and put additional barriers between Missourians and the lifesaving medications they need." -- **Misty Snodgrass, American Cancer Society**

For more details about the negative impact HB 253 would have on Missouri's economy, state budget and tax code, please read Gov. Nixon's full veto message [here](#).