House speaker not giving up on override of Nixon’s tax cut veto

Nixon continues defense of veto.

By Rudi Keller

Wednesday, July 31, 2013 at 2:00 pm

House Republicans hoping to override Gov. Jay Nixon’s veto of a tax bill are short of the 109 votes needed, but they are not giving up on persuading a few reluctant members or a handful of Democrats to join them, Speaker Tim Jones said Wednesday morning.

Jones yesterday made comments that could be interpreted as admission that Nixon’s daily travels to generate support for his veto had succeeded. That’s not true, he said today, while admitting that finding votes for the bill, known as HB 253, will be difficult.

“I am not surrendering on 253, and if anybody thought that or thought that is what I meant, they thought wrong,” Jones said. “We have a long, hard battle. No one should take the vote for granted, and it is going to be extremely difficult.”

The House passed the tax cut bill in May by a vote of 103-51. When lawmakers meet in September, it will take 109 votes to pass the bill over Nixon’s veto. Under legislative rules, the first vote will come in the House because that is where the bill began its legislative life.

Nixon isn’t relenting on his daily efforts to promote his veto. He made his second stop in Columbia in two days, addressing reporters and University of Missouri employees on Francis Quadrangle. He used the bill’s potential impact on state support for colleges and financial aid to challenge the wisdom of the tax cut.

The bill would, in 10 steps, cut the top state income tax rate to 5.5 percent. It would also cut the corporate income tax rate in half and grant a tax exemption for half of business income included on personal income tax returns.

The bill would cut income tax rates if a federal law is enacted making catalog and online sales subject to state sales taxes and impose a sales tax on prescription drugs and textbooks. The bill is
expected to reduce state revenue by $692 million over 10 years, according to the legislature’s estimate.

Based on that estimate, Nixon said it would cost the University of Missouri System $34 million. If federal law mandates sales tax for online sales, opponents of the bill estimate it could cost $1.2 billion in the current fiscal year. The UM System would lose $54.5 million from its appropriation of $407 million, according to Nixon’s office.

“Gutting funding for higher education in order to let a lawyer’s LLC exempt half of his income will not make our state more competitive,” Nixon said. “Forcing Missouri families and students to pay the price to lavish special breaks on a privileged few will not move our state forward.”


Sen. Kurt Schaefer, R-Columbia, supports an override. He said Nixon’s figures are scare tactics and education funding will be determined each year and predictions of what future spending levels will be is just speculation.

“If there are adjustments that have to be made, education needs to remain a priority,” Schaefer said. “Gov. Nixon has cut more money from higher education than any governor in Missouri history.”

Nixon this morning said the cuts were necessary in the deep recession to maintain a balanced budget. “People can quip all they want, but the choice is stark, clear and real,” he said.

Republicans meet in a few weeks in a caucus to set strategy for a veto session. “We have an uphill battle,” Jones said.

This article was published in the Wednesday, July 31, 2013 edition of the Columbia Daily Tribune with the headline "Jones not ready to give up on override: Nixon continues defense of veto."

© 2013 Columbia Daily Tribune. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Posted in Politics on Wednesday, July 31, 2013 2:00 pm.
Gov. Jay Nixon continues to decry the impact that tax cuts in a bill passed by the General Assembly would have on institutions like the UM System that rely on state funding if his veto is overridden in September.

Speaking Wednesday in front of the MU Columns at Francis Quadrangle, Nixon cited data recently released by the Department of Higher Education, which estimated that almost $67 million a year would be cut from state spending for higher education as a result of the bill.

For the UM System, the reduction would be more than $31 million, according to the estimates. MU Chancellor Brady Deaton, who attended the news conference, said the Columbia campus has in the past received "close to half" of the state funding allocated to the system.

"The General Assembly can support House Bill 253 or they can support education, they cannot do both," Nixon said.
According to documentation by the legislature, if the bill were overridden and allowed to come into full effect, tax on corporate income would eventually be reduced by nearly half the current rate of 6.25 percent, individual taxpayers would be permitted to deduct 50 percent of their business income after the 2017 tax year, and the maximum tax rate for individual income would be 5.5 percent in 10 years.

The maximum cut on corporate tax and the reduction of the individual income tax rate are dependent upon the state collecting tax revenues that are at least $100 million higher than the revenues collected within any of the previous three fiscal years.

Nixon also said that the bill would remove a tax exemption on college textbooks that has been in place since 1998.

"College costs can already put a strain on a family's budget," Nixon said. "The last thing they need is a tax increase."

According to a fiscal impact drawn up by the oversight division of the Committee on Legislative Research, the reduction in income tax rate and corporate tax — if taken completely into effect— would lead to a reduction in state revenue after 10 years of more than $692 million.

If Congress passes the Federal Marketplace Fairness Act this year, which would require online and catalog retailers to collect sales tax, Nixon has said the state tax cut bill would have a cost approaching $1.2 billion.

A provision in the General Assembly's bill would cause the maximum income tax rate to decrease by .05 percent if the Marketplace Fairness Act were passed, which Nixon argues would cause an immediate loss of $300 million and could lead to Missouri residents who would qualify for a refund under the new reduction filing amended tax returns, which Nixon estimated could cost the state $900 million.

If the federal measure passes, the Missouri Department of Higher Education estimates the reduction in annual funding would reduce by $116 million, with funding for the UM system losing $54.5 million a year.

According to a report from The Associated Press on Tuesday, Missouri House Speaker Tim Jones said it would be an "uphill battle" for the House to get the two-thirds majority needed to override Nixon's veto. Republicans were short of that number when they originally passed the bill in the spring.
While Nixon has continued to travel the state, railing against the bill's effects, other organizations, legislators and individuals have pushed for an override of the governor's veto.

In July alone, Rex Sinquefield contributed a total of $2.35 million dollars to groups that support an override, including the Missouri Chamber of Commerce, the Club for Growth, the Associated Industries and a recently established group, Grow Missouri.

According to an AP report, the coalition plans to broadcast TV and radio ads, mail printed materials to homes and mount a social media presence campaign to persuade state legislators to override the veto.

In June, Nixon froze $400 million in state spending for fiscal 2014, which included a $33.7 million reduction in core funding for higher education in Missouri. Within the UM System, the freeze will reduce state funding by $15.8 million dollars.

In K-12 education funding, the Missouri Department of Elementary and Secondary Education estimated that funding for Missouri school districts could be reduced between $260 million and $450 million from its current annual funding. For Columbia Public Schools, that would be a reduction of between $4.1 million and $7 million.

"The school district feels the (tax cut) legislation is poorly written and will have a negative impact for education, not just in our school district but all across the state," Columbia Public Schools spokeswoman Michelle Baumstark said.

Baumstark said that if less funding came from the state, the school district would have to look for funding elsewhere, including local resources.

"That's what happens: The onus is placed on the local community if they want to keep education to the level of quality they expect," Baumstark said.

Baumstark estimated that the district receives 25 percent of its funding from the state, between 62 and 65 percent from local resources and the remainder from grants, bonds and federal funding.

*Supervising editor is John Schneller.*
WASHINGTON — A bipartisan bill that would reduce the costs of borrowing for millions of students passed the House on Wednesday and was heading to President Barack Obama for his signature.

The legislation links student loan interest rates to the financial markets, offering lower rates for most students now but higher ones down the line if the economy improves as expected. Even as they were preparing to pass the bill, many lawmakers were already talking about a broader approach to curb fast-climbing college costs.

"Going forward, the whims of Washington politicians won't dictate student loan interest rates, meaning more certainty and more opportunities for students to take advantage of lower rates," House Speaker John Boehner, R-Ohio, said.

The measure passed 392-31.

Undergraduates this fall would borrow at a 3.9 percent interest rate for subsidized and unsubsidized loans. Graduate students would have access to loans at 5.4 percent, and parents would borrow at 6.4 percent. The rates would be locked in for that year's loan, but each year's loan could be more expensive than the last. Rates would rise as the economy picks up and it becomes more expensive for the government to borrow money.

But for now, interest payments for tuition, housing and books would be less expensive under the House-passed bill.

"Changing the status quo is never easy, and returning student loan interest rates to the market is a longstanding goal Republicans have been working toward for years," said Rep. John Kline, the Republican chairman of the House Committee on Education and the
Workforce. "I applaud my colleagues on the other side of the aisle for finally recognizing this long-term, market-based proposal for what it is: a win for students and taxpayers."

The House earlier this year passed legislation that is similar to what the Senate later passed. Both versions link interest rates to 10-year Treasury notes and remove Congress' annual role in determining rates.

"Campaign promises and political posturing should not play a role in the setting of student loan interest rates," said Rep. Virginia Foxx, R-N.C. "Borrowers deserve better."

Negotiators of the Senate compromise were mindful of the House-passed version, as well as the White House preference to shift responsibility for interest rates to the financial markets. The resulting bipartisan bill passed the Senate 81-18.

With changes made in the Senate — most notably a cap on how interest rates could climb and locking in interest rates for the life of each year's loan — Democrats dropped their objections and joined Republicans in backing the bill.

Interest rates would not top 8.25 percent for undergraduates. Graduate students would not pay rates higher than 9.5 percent, and parents' rates would top out at 10.5 percent. Using Congressional Budget Office estimates, rates would not reach those limits in the next 10 years.

The White House endorsed the deal over objections from consumer advocates that the proposal could cost future students.

"The bottom line is that students will pay more under this bill than if Congress did nothing, and low rates will soon give way to rates that are even higher than the 6.8 percent rate that Congress is trying to avoid," said Chris Lindstrom, higher education program director for the consumer group US PIRG.

Rates on new subsidized Stafford loans doubled to 6.8 percent July 1 because Congress could not agree on a way to keep them at 3.4 percent. Without congressional action, rates would stay at 6.8 percent — a reality most lawmakers called unacceptable.

The compromise that came together during the last month would be a good deal for all students through the 2015 academic year. After that, interest rates are expected to climb above where they were when students left campus in the spring, if congressional estimates prove correct.
The White House and its allies said the new loan structure would offer lower rates to 11 million borrowers right away and save the average undergraduate $1,500 in interest charges.

In all, some 18 million loans will be covered by the legislation, totaling about $106 billion this fall.

"Finally, we are taking action on the pressing issue of college affordability," said Rep. Jared Polis, D-Colo. "We have to make sure our students are able to plan their futures."

Lawmakers were already talking about changing the deal when they take up a rewrite of the Higher Education Act this fall. As a condition of his support, Senate Health, Education, Labor and Pensions Committee Chairman Tom Harkin won a Government Accountability Office report on the costs of colleges. That document was expected to guide an overhaul of the deal just negotiated.

"We will have the ability to come back and look," said Rep. Sheila Jackson Lee, D-Texas.

The Congressional Budget Office estimated the bill would reduce the deficit by $715 million over the next decade. During that same time, federal loans would be a $1.4 trillion program.
Open Column

Act on student loans now for better future

Wednesday, July 31, 2013 at 2:00 pm

Editor, the Tribune: Soon to graduate from the University of Missouri, I, like many of my peers, must look forward to paying down massive student loan debt as tuition increases. We are likely to walk off campus without jobs, heading straight for our childhood bedrooms. Anxiety mounts over how to pay off five- or six-figure debt.

Federally subsidized Stafford student loan interest rates doubled July 1 to 6.8 percent as lawmakers tasked with setting the rates again failed to compromise. Consequently, my soon-to-be fellow graduates and I are crushed. We carry more than $1 trillion in debt, resulting from skyrocketing tuition. Now, add billions more owed in interest alone. A college education should brighten both our and America's futures, not lead to default.

Shortsighted solutions must be abandoned for a market-based student loan system. The House recently passed the Smarter Solutions for Students Act to set Stafford rates with the 10-year note, currently near 2.5 percent. It adjusts with market forces, fluctuating as economic conditions allow. Over the past decade, the 10-year rate has not risen above 5.25 percent. It's a winning approach for the future.

I call upon Congress to act and remove politics from student loans for the sake of my and my fellow graduates' futures. Act, once and for all, so we can celebrate graduation and live a future we have worked hard for. Act so we can be future homeowners, comfortably starting families of our own. Act so we are not future leaders of another American financial crisis.

Cole Karr 3554 Rock Quarry Road

© 2013 Columbia Daily Tribune. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Posted in Letters To The Editor on Wednesday, July 31, 2013 2:00 pm.
COLUMBIA, Mo. • Two Missouri universities will be conducting nuclear energy-related research in a consortium founded by Westinghouse Electric Co. and Ameren Missouri.

The Small Modular Reactor Research and Education Consortium will be led by the Missouri University of Science and Technology in Rolla, with a satellite center at the University of Missouri-Columbia. Modular reactors are smaller than large nuclear plants and could be built in factories and shipped where they are needed.

Westinghouse and Ameren announced a partnership last year to seek funds from the U.S. Department of Energy to support the engineering, design certification and operating licensure of small modular nuclear reactors. Ameren was to become the nation’s first power company to apply for a construction and operating license from federal regulators for a small reactor developed by Westinghouse. The companies lost out in an initial round but are pursuing funds through a later phase.

The Columbia Daily Tribune reports (http://bit.ly/17iwsOv ) the research and education consortium initially will focus on areas such as establishing computer-aided engineering tools to evaluate small modular reactor design and operation, assisting regulators in developing licensing and supporting the development of materials.

"The consortium as a whole will work together on projects that are specific to each company," said Joseph Smith, who is the chair of energy at the university in Rolla and will be the executive director of the consortium. He said several companies that could become members.

The nonprofit Missouri Technology Corp. has provided a $250,000 grant that will be used to establish and grow the group and initially to provide a 50 percent match for membership fees.
MU education farm has new manager, expanded focus

COLUMBIA, Mo. — An educational farm owned by the University of Missouri near Columbia is under new management and focusing more on research into food systems in an effort to bring in more research and funding sources that would secure its future.

Supporters of the nonprofit Jefferson Farm, which had been used for school field trips and experimental crop research, had questioned earlier this year whether it could remain open after several important funding sources dried up. Board President Jerry Nelson said the farm will change its focus to research on food systems, including agricultural production, processing and nutrition, which should attract expanded opportunities for research and funding. Restaurant chains, grocery stores and food product companies are interested in food systems research, he said.

The 67-acre farm opened in 2006 and was initially well-funded, receiving more than $2 million in grants from the U.S. Department of Agriculture, Monsanto, MFA and other public and private entities. But funding had been dramatically reduced by 2011, leaving Jefferson Farm with a nearly $900,000 mortgage.

"Because of our expanded interests, it opens up different ideas of programs we can offer," Nelson said. "Types of funding will be similar, but the spectrum of potential funders will be expanded. The food industry could have a bigger role."

The board also hired Mark Clervi, a commercial real estate consultant and investor, as farm director on July 1. Clervi and the five-member board of directors have restructured the farm's debt with IFF, a not-for-profit lender.

"We will grow carefully and responsibly within our resources," Clervi said. "That's something you learn in the business world."

Clervi, who attended Missouri before earning a master's degree in business administration at the University of Texas, spent a 20-year career in Southern California real estate.
Nelson said he hopes community volunteers will help with the farm's educational programs and its maintenance. There are plans to add a part-time education coordinator and farm manager but staffing will be low. In 2008, 11 employees collected $980,000 in salaries and benefits.

The board also will expand from five to seven members this year. All the current board members have held agricultural research positions at universities and Nelson said he hopes new board members will include business leaders and members of the health and food industries.
ASK A SCIENTIST Why are veins blue?

By GIDEON NEY and DEANNA LANKFORD of MU's Office of Science Outreach

Wednesday, July 31, 2013 at 2:00 pm

Question submitted by Melissa Wessel's biology class at Rock Bridge High School.

A: Those blue lines you see through the skin on your wrists and arms are in fact veins. Jeff Dale, a graduate student in the division of biological sciences at the University of Missouri, explains. "The reason you can see veins is because they run superficially, close to the surface of the skin," Dale notes. "There is a misconception that veins are blue because they carry deoxygenated blood. Deoxygenated blood is a deeper red than oxygenated blood, but it is not blue."

It is important to remember that white light contains all the colors of the rainbow. "The forms of light that have the highest energy, like blue, indigo and violet, are the only wavelengths of light able to penetrate to veins and be reflected back to our eyes," Dale says. Arteries are deeper within body tissues and are typically not visible through the skin. The arteries carry oxygenated blood from the heart throughout the body; the veins carry deoxygenated blood back to the heart.

Blood gets its red color from the red blood cells. Dale notes, "Red blood cells are composed of almost 99 percent hemoglobin." Hemoglobin is a specialized protein that binds with iron and is found only in our red blood cells. Dale explains that "hemoglobin contains iron and gives blood its red color. In addition, the hemoglobin and iron complex carries oxygen." Oxygen is critical for life, so remember to eat foods with an adequate supply of iron to stay healthy. Eat foods rich in iron such as red meats, eggs and dark, leafy greens.

© 2013 Columbia Daily Tribune. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Posted in Editorial Archive on Wednesday, July 31, 2013 2:00 pm.