



April 21, 2020

Senator Lauren Arthur
201 W Capitol Ave, Room 329
Jefferson City, MO 65101

Senator Arthur,

COVID-19 has taken a terrible toll on Missourians’ physical and financial health. It has also caused significant damage to Missouri’s state budget.

As Missourians try to avoid both health exposure and financial exposure, they are spending less, driving state sales tax collections lower. Because fewer people are traveling, motor fuel tax revenue for road and bridge construction is declining. Additionally, from March 15 to April 11, 339,208 Missourians filed initial claims for unemployment. For context, there were only 401,155 claims in 2019 and 2018 combined. The resulting impact on state income tax collections will be significant. Some estimates show a \$1 billion shortfall from the current \$10 billion general revenue fund.

That is why we support Governor Parson’s commonsense call to utilize internet sales/use taxes to establish a Cash Operating Expense Fund, and to use additional revenues from internet sales/use tax collection to fund state road improvements and pay off state debt.

Even before the Coronavirus exposed the fragility of the state budget, other crises, such as flooding placed strains on state budgets. That is why the Governor was absolutely correct in his State of the State speech, when he proposed using internet sales/use tax collections to fund a Cash Operating Expense Fund to protect Missouri’s budget against shortfalls caused by crises. If Missouri already had a Cash Operating Expense Fund in place, the painful cuts you, as a legislator, would have to make would be partially mitigated.

Internet sales/use taxes are not new taxes. They are existing taxes that have been previously uncollected due to inadequate collection mechanisms, including self-reporting by the purchaser. We strongly support legislation that would better capture internet sales/use taxes and use them to establish and fund the Cash Operating Expense Fund, fund state road improvements, and pay off state debt.

We request your support in the passage of this commonsense approach to safeguard our state budget against future crises.

Respectfully,

American Council of Engineering Companies
Associated General Contractors of Missouri
Missouri Asphalt Pavement Association
Missouri Limestone Producers Association
Missouri Municipal League

Missouri/Kansas Chapter, American Concrete
Pavement Association
Missourians for Transportation Investment
SITE Improvement Association