

# Missouri

## Federal Policies Have Cost Missouri \$3.3 Billion over the Past Four Years

### Federal Policies Affect Missouri Revenue and Spending Levels, 2002-2005

*Cost to Missouri*

➤	<i>Federal Tax Changes:</i> Recently enacted federal tax cuts reduce state revenue directly.	\$320 million
➤	<i>Remote Sales:</i> States cannot collect sales taxes on goods & services purchased over the Internet due to federal law and court decisions.	\$1.2 billion
➤	<i>Internet Access:</i> States are generally prohibited from applying tax to Internet access charges.	\$83 million
➤	<i>Unfunded Mandates:</i> Federal government imposes responsibilities on states but provides insufficient funding.	\$1.3 billion
➤	<i>Medicare/Medicaid Dual Eligibles:</i> Increased use of prescription drugs shifts costs of health care for low-income elderly from federal Medicare program to state Medicaid programs.	\$784 million
➤	<i>Federal Fiscal Relief:</i> Congress approved temporary grants in 2003.	(\$376 million)
<b>TOTAL COST</b> (net of fiscal relief), 2002-2005:		<b>\$3.3 billion</b>

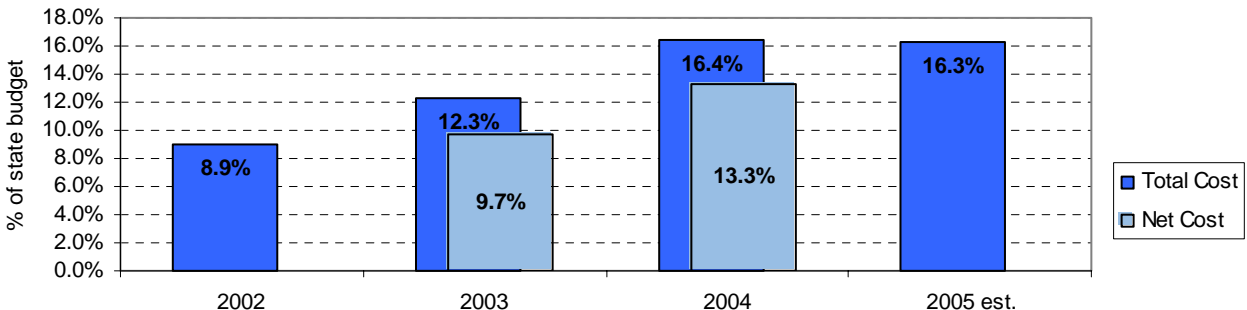
### Missouri Has Been More Affected by Federal Policies than Most States

*Ranking among 50 states plus D.C.*

➤	Total cost as percent of General Fund budget (2002-2005):	<b>13.4%</b>	<b>3<sup>rd</sup></b>
➤	Net cost as percent of General Fund budget, including offsetting federal fiscal relief (2002-2005):	<b>12.0%</b>	<b>3<sup>rd</sup></b>

Missouri has been among the states most heavily affected by federal policy in part because of the high cost of providing prescription drugs to low-income elderly eligible for both Medicaid and Medicare, the highest among all states as a percentage of its budget. Missouri has also failed to decouple from recent federal tax changes that have reduced state tax revenue significantly.

### Net Cost of Federal Policy to Missouri as a Percentage of State General Fund Budget



Source: Center on Budget and Policy Priorities, *Passing Down the Deficit: Federal Policies Contribute to the Severity of the State Fiscal Crisis*, May 12, 2004.