



# SHOW-ME newsletter

## TRANSPORTATION SALES TAX— AMENDMENT 7—DEFEATED

On Aug. 5, Missouri voters rejected Amendment 7. Even though proponents outspent opponents 100 to 1, Amendment 7 was defeated 59 percent to 41 percent, with 96 of Missouri's 116 counties voting "no." Missourians should be commended for their decision. Using a sales tax to pay for highways is bad policy, and Missouri is better off having rejected this unfair, economically unsound proposal.



However, if Missouri is to gain anything by Amendment 7's defeat, this has to be the introduction, and not the conclusion, of a conversation on how to create a sustainable funding base for the Missouri Department of Transportation (MoDOT). In the near future, the department may lack the funds to maintain the state highway system. Deteriorating

highways would damage Missouri's competitiveness and Missourians' quality of life. The state should invest in its transportation infrastructure, but officials also can insure that the magnitude and the targets of those investments are fully justified.

Sources of highway funding should come from those who benefit from the highways, and in proportion to their benefit. Policies that would adhere to this concept include increasing the state gasoline tax or allowing limited tolling. These funding sources require interstate truckers and those with long commutes to pay for the roads they disproportionately damage and promote the efficient use of Missouri's highways. If policymakers can match demonstrated need with wise policy solutions, they may not have to exaggerate the degradation of Missouri's highways—or inappropriately suggest that school children might be crushed by falling bridges—as some Amendment 7 supporters did.

While these challenges remain, Aug. 5 was a defeat for poll-driven policy and a victory for Missouri.

ADVANCING LIBERTY WITH RESPONSIBILITY  
BY PROMOTING MARKET SOLUTIONS  
FOR MISSOURI PUBLIC POLICY

## A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

**D**on't just stand there . . . do something! That must have been the thinking of proponents of Amendment 7, the proposed sales tax on the Aug. 5 ballot. It called for a 0.75-cent statewide sales tax to be used for transportation.

Voters, however, were smart enough to realize that saying no was preferable to a bad policy that would have Missourians paying for roads based on how much they shop, not how much they drive.

Amendment 7 was soundly defeated, as well it should have been. We're proud to say Show-Me Institute analysts were all over the state in the weeks before the election, on radio programs, television newscasts, and newspaper op-eds, explaining why the proposal was unfair and economically unsound.

Simply put, Amendment 7 placed the interest of interstate truckers and construction companies ahead of Missouri families.

We are all in favor of good roads and

bridges, and there's no doubt MoDOT needs a solid, long-term source of funds for maintenance and repair, but there are better ways to accomplish these goals.

As Show-Me's Joseph Miller has pointed out in numerous op-eds and blog posts, raising the gas tax and instituting toll roads are two better options. Having those who use and benefit from the roads pay for them is not only good policy, it's fair. What would have been fair about subsidizing drivers—especially commercial trucking lines—while forcing Missouri shoppers to pay for road improvements, such as a new I-70?

At the Show-Me Institute, we believe that people will make smart decisions when presented with sound, free-market positions. On Aug. 5, Missouri voters did just that by turning down Amendment 7.

Kansas City voters showed the same wisdom in voting against the creation of a Transportation Development District (TDD) as the first step to expanding the city's expensive streetcar



**Brenda Talent**

line. If approved, city officials would have come back in November to ask TDD residents to approve a \$472 million streetcar expansion paid for by increased taxes and assessments within the TDD. While the August ballot measure did not itself raise taxes, voters stopped the city in its tracks.

Show-Me Institute researchers estimated Kansas City could expand its much more efficient bus system by more than 100 new vehicles for the same price of a few miles of streetcar line.

Throughout the summer, research conducted by the Show-Me Institute played an important role in the public debate. We brought attention to the fact that research showed there was no economic benefit from the streetcar line, a fact the city struggled to refute even up to the last days before the election. We also helped voters understand the high cost by comparing streetcar costs with bus costs.

Show-Me analysts made it clear this was poor public policy, and the voters agreed.

These debates would not have happened without your commitment to liberty. Thank you for your continued support. We can go no further than your support will take us.

## STAFF PROMOTIONS

Congratulations to David Stokes and Patrick Ishmael on their new positions at the Show-Me Institute. After serving as a policy analyst for four years, Patrick has assumed the mantle of senior analyst. David, former director of local government policy, is now the Institute's director of development.



**Patrick Ishmael**

## MISSOURI'S COMMON CORE STATUS: IT'S COMPLICATED

On July 14, Gov. Jay Nixon signed a bill to replace the Common Core State Standards (CCSS) with standards developed by Missouri educators and stakeholders. Although this was a victory for opponents of Common Core, Missouri has yet to rid itself of the CCSS.

Missouri initially adopted CCSS in order to participate in the federal stimulus program known as Race to the Top. The state placed 33rd in the competitive grant program, earning the Show-Me State none of the \$4.3 billion awarded. Falling short on Race to the Top didn't deter the state from committing further to the implementation of the standards.

In 2011, Missouri was granted a No Child Left Behind (NCLB) flexibility waiver, which freed the state from the infamous accountability statute, "all students will be proficient by 2014." One condition of the waiver was that the state adopt standards "common to a significant

number of states." Common Core satisfied this condition.

Though it is unclear whether Missouri will lose its NCLB waiver by replacing Common Core, it is clear the Department of Education will remove waivers from states that don't abide by waiver conditions. Missouri's new law regarding the standards adoption process will include education

professionals, teachers, and parents, which may be enough to satisfy the flexibility waiver requirement.

New standards may be implemented by the 2016-17 school year. Until then, school districts across the state have moved forward with the implementation of CCSS, despite its cost to taxpayers, teachers, parents, and students.

Forty-five states, including Missouri, jumped into the Common Core craze without looking. Now, the task of ridding the state of Common Core is more difficult than if the state had just adopted its own standards from the beginning.

This is the problem with diving headlong into new initiatives without much forethought. Missouri's Common Core dilemma also highlights the problem of the ever-increasing influence of the federal government in local education decisions.





## A MESSAGE FROM THE DIRECTOR OF DEVELOPMENT



David Stokes

The Show-Me Institute recently made a major change in staffing. I am excited to announce that after a long time at the Institute doing policy work, I am now the new director of development. I first joined the Institute as an (admittedly older) intern in 2007 after I finished a term working as an aide to Saint Louis County Councilman (and current Missouri Appeals Court Judge) Kurt S. Odenwald. I focused my policy work at the Institute on local government, tax subsidies such as tax increment financing and enterprise zones, property and sales taxes, privatization, and occupational licensing. And I enjoyed it. But sometimes new opportunities present themselves.

People have asked me why I made this move when I enjoyed policy work so much. The answer is simple: I love a

challenge, and this is a big one. We cannot continue to fight for lower taxes, educational choice, reduced regulations, and limited government in Missouri without broad financial support from around the state.

I need to succeed at this job if we are going to succeed on behalf of all Missourians.

My first priority is to connect with our current supporters. While I have met many of you, I need to make sure you all know how valuable you are to us.

As director of development, I will be in charge of fundraising, grant requests, and special events. I am particularly excited about traveling around Missouri and talking with our supporters about their concerns regarding the direction of our state. I am proud to say that no other organization in Missouri has done more than the Show-Me Institute to move public policy in the direction of individual liberty and market solutions, not government planning and centrally imposed fixes. But more needs to be done.

It is too difficult to become an entrepreneur in many parts of Missouri because of government regulations and licenses. Our public pension system needs important changes to protect both the participants and the taxpayers. We need public officials to stop talking

out of both sides of their mouths by saying our taxes are low and then offering tax incentives to chosen businesses. If taxes really are low, they should be low for all, not some. Most of all, we need government to focus on doing the things it is supposed to do and not to expand its role to unnecessarily manage our lives and our economy.

Freedom and markets will work for Missouri, and the Show-Me Institute is here to fight for that message. We cannot engage in that great debate without the generous assistance of supporters from all around Missouri. I encourage you to help us spread the message of freedom and liberty throughout Missouri by making a donation to the Show-Me Institute today.

*I am proud to say that no other organization in Missouri has done more than the Show-Me Institute to move public policy in the direction of individual liberty and market solutions.*

## CONTINUING THE FIGHT AGAINST MEDICAID EXPANSION

If you could start a health care system from scratch, what would it look like? Would it be centrally controlled? Would access for patients be terribly limited? Would its health outcomes be so bad that patients in some cases actually could have been better off with no insurance at all?

Well, I have some bad news: such a system already exists. Its name? Medicaid.

Medicaid's problems are not a secret. A wide array of politicians have noted its issues over the years, among them . . . Senator Barack Obama. In *The Audacity of Hope*, the future president wrote that the Medicare and Medicaid programs “really are broken” and in need of reform. Unfortunately, not only did little really change in Medicaid when the Affordable Care Act (also known as “Obamacare”) passed in 2010, but the president and his allies in Congress doubled down on what was a thoroughly dysfunctional status quo—expanding the broken program to more people without fixing Medicaid's fundamental care, cost, and access problems.

The law originally required states to expand Medicaid or else lose practically all of their Medicaid funding. Fortunately, the Supreme Court struck down that provision, finding the law's heavy-handedness an unconstitutional “gun to the head.” Now, given the option to avoid this multibillion-dollar boondoggle, it is unsurprising

that about half the states have since declined to join the federal government on this expensive and broken health care experiment.

Unfortunately, many of the politicians behind Obamacare and the special interests who helped craft it in Washington still want Missouri to enter the program voluntarily . . . now that they can't force Missouri into it. Labels like “Medicaid Transformation” or “The Missouri Plan” are batted around in the halls of Jefferson City these days to rebrand Obamacare, but that doesn't change what it is—Obamacare.

Missouri's neediest patients deserve better than Medicaid, what health care expert Avik Roy calls “America's worst health-care program.” Patients deserve a program that empowers them, puts downward pressure on health care prices, stokes competition and innovation, removes unnecessary barriers to care, drives positive health outcomes, and promotes personal responsibility in health care decision-making.

Obamacare's Medicaid expansion may not deliver on these important principles, but substantive reforms to the Medicaid system that leverage market forces can.

In “Move Missouri's Medicaid Program Forward, Not Backward,” published this year, we not only addressed the fundamental problems with the proposed Obamacare Medicaid expansion in Missouri,

but we also explored a whole host of alternatives to simply implementing Obamacare's Medicaid provisions. It is an invaluable health care primer for free-market reformers. And in the coming months when the expansion of Medicaid is debated, the information in that report will be incredibly important for Missouri taxpayers.

Despite what some politicians and special interests might tell you, Obamacare's broken Medicaid expansion is not “inevitable” in Missouri, and our state deserves better than a dysfunctional program and a multibillion-dollar bill, courtesy of the Obamacare crowd.



## STREETCAR EXPANSION DEFEATED



**O**n Aug. 5, 60 percent of voters in parts of Kansas City rejected the creation of a Transportation Development District (TDD) focused on expanding a yet-unbuilt 2.2-mile streetcar line. The Show-Me Institute had been writing for months about how streetcars are a huge financial liability that rarely, if ever, provide a valuable additional transit option. The streetcar would not have serviced any destination not already serviced by a more efficient bus line.

Had the measure passed, voters would have been asked in November to approve a 1 percent sales tax and special assessment on property in close vicinity to the route.

Research and writings by Show-Me Institute analysts influenced the public debate. The analysts demonstrated that research failed to prove that streetcars are a driver of economic development, and that the cost of streetcars is many times the cost of buses. Analysts also addressed the burden of paying for the system with regressive city sales taxes levied on some of the poorest parts of the metro area.

In response, city leaders tried to pull together anecdotal evidence of economic development that resulted just from the construction. These anecdotes, however, largely served to substantiate the concerns raised by Institute analysts. For example, in one case the city highlighted a move of the Kansas City office of the Government Services Administration (GSA) to a point along the

proposed rail line. However, even the most cursory research of published reports of the move revealed that GSA officials themselves indicated that the streetcar was not a factor. In another city-promoted example, newspaper stories showed that the business moved from one point on the proposed rail line to another, that the economic investment was overstated, and that the business received incentives from the state to remain in Missouri. These facts indicated that other factors, such as financial incentives, drove property development along streetcar routes.

The August vote is unlikely to be the last we hear of plans to expand the streetcar. Some Kansas City officials have made it clear that they view that election as just a setback for their vision of an extended streetcar system. The mayor stated:

“It’s very possible either way, but we’re not going to just roll over and let it go. . . . We’ve got to continue to look for options to get the job done.”

That might mean a newly drawn TDD or some other tax increase that will provide enough local funding to apply for federal grants. What is clear is that streetcar advocates are not swayed by losses at the polls and that Missourians need to remain vigilant to avoid a multimillion-dollar mistake.



## 2014 FREEDOM CELEBRATION



### Featured Speaker Rand Paul, U.S. Senator, Kentucky Thursday, October 9

Sen. Rand Paul calls himself “a warrior against government overreach.” Hear him talk about why he thinks Washington is “horribly broken” and the crucial need for fiscal responsibility.

*Senator Paul is appearing at this event only as a featured speaker. He is not soliciting funds or donations. All proceeds will benefit the Show-Me Institute.*

#### Private Roundtable and Reception: 5:30 p.m.

\$5,000 per person

#### Reception Only: 6:30 p.m.

\$250 per person

*Saint Louis Club  
7701 Forsyth Blvd.  
Saint Louis, MO 63105*

*Please RSVP by October 6, 2014.*

For more information, please contact Sara Addison at (314)454-0647  
or at [Sara.Addison@showmeinstitute.org](mailto:Sara.Addison@showmeinstitute.org).

## SPEAKERS SERIES ON ECONOMIC POLICY

Featuring  
**Russell Roberts, PhD**

Wednesday, Nov. 12

5:30 p.m. Reception

6 p.m. Lecture

Saint Louis University John  
Cook School of Business  
Anheuser-Busch Auditorium  
3674 Lindell Blvd. at Spring  
Ave. in Saint Louis

The Show-Me Institute, Saint Louis University John Cook School of Business, and Sinefield Charitable Foundation will present the 14th lecture in the Speakers Series on Economic Policy on Wednesday, November 12.

Russell Roberts will be the guest lecturer. Roberts is the John and Jean De Nault Research Fellow at Stanford University's Hoover Institution. His latest book, *How Adam Smith Can Change Your Life: An Unexpected Guide to Human Nature and Happiness* (Portfolio/

Penguin, 2014), takes the lessons from Adam Smith's little-known masterpiece, *The Theory of Moral Sentiments*, and applies them to modern life.

To register and for more details about these and other Show-Me Institute events, visit [www.showmeinstitute.org/events](http://www.showmeinstitute.org/events) or contact Sara Addison at (314) 454-0674 or [sara.addison@showmeinstitute.org](mailto:sara.addison@showmeinstitute.org).





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## SHOW-ME MEDIA COVERAGE

It's one thing to have a message. It's another to have a lot of people hear it. The Show-Me Institute blanketed the state in July over radio, television, in newspapers, and online. In all, our analysts and researchers chalked up a record 70 major "hits" throughout the month.

Our work on the proposed transportation sales tax led the way. Often featuring policy researcher Joseph Miller, with able assistance from David Stokes, the media blitz included 14 radio talk show appearances on seven different stations around the state.

With stints on radio powerhouses like KMOX (Saint Louis), KSGF (Springfield), and The Eagle 93.9 (Columbia), just to name a few, it's safe to say tens of thousands of Missourians listened in.



Miller also wrote several strong newspaper op-eds outlining why Amendment 7 would have been poor economic policy and unfair to many Missourians. Those commentaries ran in the *Springfield News-Leader*, the *Southeast Missourian*, and the *St. Louis Business Journal*.

Throw in three television news appearances, a prominent article in the

*Kansas City Star*, and four featured mentions in KC's must-read website, Tony's Kansas City, and it's clear that our analysis of Amendment 7 was widely disseminated!

Even though the coverage was extensive, it still was roughly only a third of the media outreach the Show-Me Institute established in July. Rest assured that effort will continue.