

2007 / Fiscal Year 2008 Priorities

2007 Legislative Priority

Attracting Jobs and Opportunities Through the Quality Jobs Act

In competing for jobs, Missouri has had great success over the past two years. The hard work and dedication of Missouri's workforce has been a draw for employers. However, Missouri's communities compete for quality job opportunities with eight surrounding states and, virtually, the entire world. To improve the tools Missouri has to attract new businesses, Governor Blunt supports:

- Increasing the cap on Missouri's Quality Jobs Program by \$12 million. Missouri's innovative Quality Jobs Program has helped the state recruit and keep employers by providing family-supporting jobs with health care benefits to Missourians.

2007 Legislative Priority

Tax Reform and Relief

Governor Blunt proposes tax reform and relief that will:

- End cuts to Social Security by exempting Social Security income from Missouri income tax.
- Increase the deduction for long-term care insurance from 50 percent to 100 percent.
- Encourage employers to provide health care by raising the threshold of the franchise tax from \$1 million to \$15 million for employers who meet the health care coverage standards in the Quality Jobs Act.
- Address court decisions that undermine Missouri's tax system and inhibit more substantial tax relief that would benefit all Missourians.

Tourism in Missouri

To increase funding for Tourism and support and expand Missouri's tourism market, Governor Blunt recommends \$2.9 million in increased funding for the Missouri Division of Tourism, which fully funds the tourism funding formula. Governor Blunt also joined Lt. Governor Peter Kinder, Tourism Chairman, in announcing the inaugural Tour of Missouri cycling race for September 2007. The race will attract world class cyclists to Missouri and will allow Missouri to showcase itself in a national and international tourism market.

Promoting Missouri's Agri-Economy

Missouri's Life Sciences Trust Fund should be used to move Missouri's economy into the future and should support agricultural research. For Fiscal Year 2008, Governor Blunt recommends \$35.7 million from the state's Tobacco Master Settlement. Governor Blunt calls for using the fund for research in the following areas:

- Biofuels,
- Plant Sciences, and
- Animal Health and Nutrition.

Creating Jobs and Opportunities for Missourians

“Our economy has created more than 50,000 jobs over the past two years thanks to the hard work, dedication and enterprise of Missourians.”

- Matt Blunt

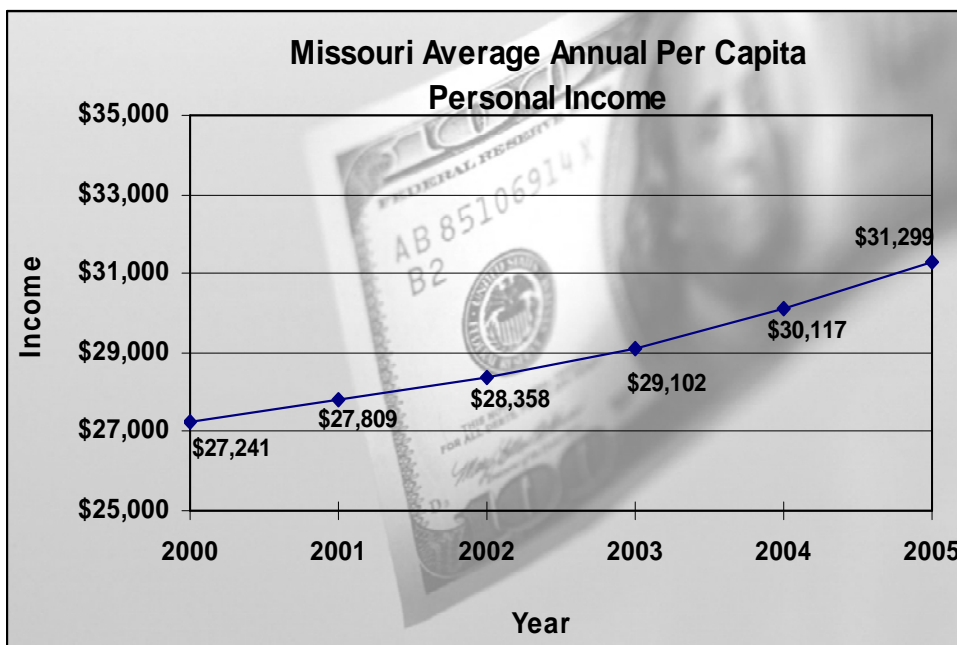
2006 Successes

Missouri's Improving Economy

In 2005, Governor Blunt and the Missouri General Assembly fulfilled commitments to make needed changes to improve Missouri's business climate. Litigation reform and workers' compensation reform both passed the Missouri General Assembly and Governor Blunt signed them into law in 2005. These critical pieces of legislation, along with Missouri's innovative Quality Jobs Act, have helped foster a climate that has made Missouri a more attractive place to do business. Between January 2005 and November 2006, Missouri employers have created 53,500 new jobs. Per capita personal income in Missouri also increased by 3.9 percent in 2005 to

\$31,299, which far exceeded the national cost of living increase of 2.8 percent.

Through the end of September 2006, exports by Missouri companies totaled \$9.1 billion, compared to \$7.4 billion after the third quarter of 2005. This is an increase of more than 22 percent. These third quarter 2006 figures put the state on track to top the record \$10.5 billion in global sales made in 2005.



The Downtown Revitalization and Economic Assistance (DREAM) for Missouri Initiative

Investment in community revitalization, including historic properties, provides numerous benefits: improving the quality of life of residents, enhancing the landscape of the community, reducing crime, and attracting new businesses and jobs. The Downtown Revitalization and Economic Assistance for Missouri (DREAM) initiative is a collaborative effort among the Department of Economic Development, the Missouri Housing Development Commission, and the Missouri Development Finance Board to concentrate state resources and programs that do the most good for selected Missouri communities' downtown areas. Governor Blunt created the initiative as an opportunity to revitalize the once prosperous and still promising downtown areas of many Missouri communities in the coming years.



The state received 98 applications from communities across Missouri wishing to be selected as a designated DREAM community. The initiative also offers exclusive training and seminars created to help all DREAM applicants learn more about how to access existing redevelopment programs and tools to revitalize Missouri's historic and diverse downtowns. In September 2006, Governor Blunt announced the first annual DREAM designees: Cape Girardeau, Excelsior Springs, Hannibal, Hermann, Kennett,

Neosho, Sedalia, St. Joseph, Washington, and West Plains.

The designated communities have access to an array of programs and technical assistance that can help with everything from infrastructure improvements, historic preservation efforts, and affordable housing to community services, business development, and job creation. Missouri's DREAM communities are high priorities for the partner agencies' resources. They will help communities accomplish their downtown revitalization objectives, draw new investments, and create good, family-supporting jobs.

Providing Opportunities for Health Care for Small Businesses

In 2006, Governor Blunt signed House Bill 1827, which has increased access to health insurance by expanding eligibility for Association Health Care Plans and providing an exemption that will encourage insurers to write policies for association health plans.

An Association Health Care Plan can offer lower rates than small businesses would be able to obtain on their own, by allowing a group of employers to function essentially as one employer to purchase health insurance, thus spreading risk and administrative costs. The legislation made more associations eligible for the plans. This legislation also exempts qualified Association Health Care Plans from the clause in the Small Employer Health Insurance Availability Act that requires premium rates for similar small businesses to be within 20 percent of one another. This is an important provision for protecting small employers from rate gouging when they seek health care individually, but it was inhibiting the growth and access to Association Health Care Plans. These plans have excellent benefits for small employers and also help reduce rates for larger employers in the association by creating a larger group to share risk.

The Pilot Project

House Bill 1827, signed into law by Governor Blunt in July 2006, was modeled after the Southwest Area Manufacturer Association's Health Care Consortium. The consortium was a two-year pilot project, authorized through a waiver from the director of the Department of Insurance, Financial Institutions and Professional Registration.

The pilot project represented:

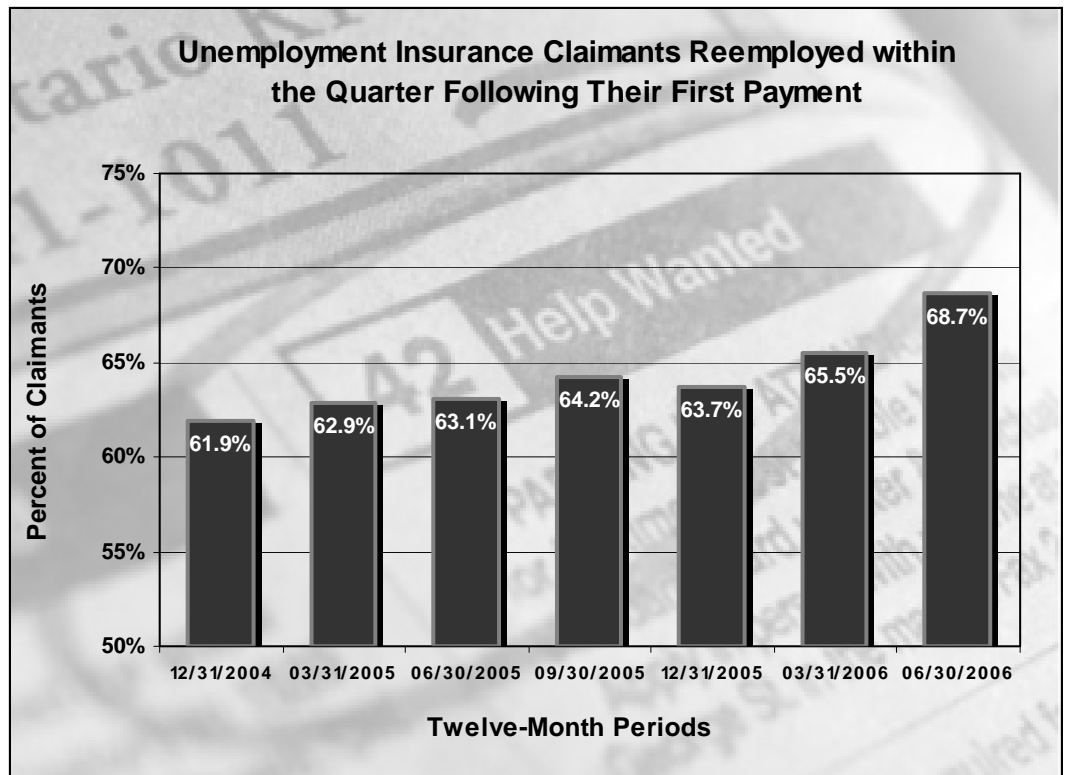
- 32 companies with 1,300 employees.
- Companies ranging in size from 3 to almost 500 employees.
- 2,000 covered lives, one of the largest health groups in Southwest Missouri.
- 6 companies that had never before been able to afford group health care for their employees. The 6 companies represent 68 employees, 34 of whom were previously uninsured.

As a result, initial premium savings ranged from 18 percent for the largest employer to as much as 40 to 50 percent for small employers.

Helping Unemployed Missourians Find Work More Quickly

Governor Blunt has made it a top priority to ensure that good, family-supporting jobs are coming to Missouri and has succeeded in improving Missouri's business climate. For Missourians, there are increased opportunities, and the Division of Employment Security continues to work with the Division of Workforce Development to develop strategies to help unemployed Missourians find jobs faster.

As evidence of their success, the Division of Employment Security has increased the percentage of unemployment insurance claimants reemployed within the quarter following their first unemployment insurance payment from 61.9 percent in December 2004 to 68.7 percent in June 2006, a significant increase. In addition, Missouri's average duration of weeks of unemployment is steadily declining. For the 12-month period ending in June 2006, the average duration to claim unemployment benefits was 14.6 weeks, below the national average of 15.3 weeks.



A Modern and Safe Transportation Infrastructure

A safe, modern transportation infrastructure is vital and necessary to Missouri's economic growth. As a candidate, Governor Blunt supported the passage of Amendment 3. The Amendment, which passed by an overwhelming majority, has led to an infusion of funding for the Missouri Department of Transportation (MoDOT). In his 2006 State of the State address, Governor Blunt challenged the department to finish the Smooth Roads Initiative a year ahead of schedule. MoDOT met Governor Blunt's challenge and repaired and resurfaced more than 2,200 miles of roadway.

The Smooth Roads Initiative was the first part of MoDOT's three-part plan for improving Missouri's highways. Accelerating key projects and tackling new construction make up the remainder of the package in an initiative called Better Roads, Brighter Future. This initiative will improve the remainder of the state's 5,600 miles of major highways over the next five years, resulting in wider stripes and rumble strips, brighter signs, and smoother pavement. In 2006, MoDOT also announced an expansive project to improve the 800 worst bridges in Missouri. At Governor Blunt's urging, MoDOT expanded the 800 Bridge Initiative to include all areas of the state.

In 2006, MoDOT finished the installation of median guard cables on Interstate 70 and is expanding the project to Interstates 44 and 29. Over 175 miles of median guard cable was installed in 2006. Initial studies have found that the cables are successful about 95 percent of the time in preventing vehicles from reaching the opposing lanes. From 2005 to 2006, 29 fewer people died in cross median interstate crashes.

With the increase in construction on Missouri's highways there has been, unfortunately, an increase in accidents involving highway workers. In 2006, as part of an omnibus transportation safety bill, Governor Blunt signed into law strict penalties for motorists who, due to negligence, injure or kill a highway worker.