

The Magazine of the Mizzou Alumni Association

MIZZOU

MU's Policy Institute Raises its Profile

MU's Institute of Public Policy looks to build its reputation in Missouri's policy arena.

Story by Erik Potter

Published May 13, 2013

Missouri's tax credit system is a sticky wicket. No one knows that better than Chuck Gross, former state senator and two-time co-chair of Gov. Jay Nixon's Missouri Tax Credit Review Commission.

Tax credits kept \$630 million from the state treasury during fiscal 2012 — more than enough to pay for the state departments of corrections or mental health. Comprehensive tax credit reform has been a priority for Nixon, and many lawmakers agree it's important. But finding agreement on specific changes has proved elusive.

In November 2010, Nixon directed Gross, BS PA '81, MPA '82, and the commission to identify which of the

state's more than 60 tax credits were performing well, which weren't and how to fix them. The committee made recommendations, but they stalled in the Legislature. In August 2012, Nixon got the band back together for another try.

Around that time, Gross was talking with Brian Dabson, director of the Institute of Public Policy (IPP) at MU's Harry S Truman School of Public Affairs, which Gross attended. He now serves as an alumni advisory board member.

Dabson wondered if the IPP could help the committee by making research-based recommendations of its own.

Making recommendations through policy briefs — short research articles that make specific policy recommendations — are part of Dabson's plans for building name recognition for IPP and the Truman School. Building the Truman brand has taken on new importance after MU made it an independent school in 2012. Previously it was housed in the Graduate School.

“Policy briefs are ways we can translate research into [a form] legislators can use to improve their decision-making,” Dabson says. “I think that's a job we at the university should be doing.”

IPP researchers have written six policy briefs and one

policy brief update since January — up from two briefs in all of 2012 and on pace to surpass the nine issued in 2011. The topics range from the economic impacts of water service disruption to the factors driving rural entrepreneurship.

Most have received little attention, Dabson says, though a 2012 paper on Internet sales taxes garnered a lot of media coverage (a bill that would have implemented the brief's main recommendation has so far failed to pass the Missouri General Assembly). But Dabson hopes frequently producing high-caliber papers will build a large following over time.

Gross says having IPP input during the most recent tax credit commission helped members better address the central question of how to determine if a tax credit is working. Currently, the state analyzes each tax credit program based on its economic impact and the amount of state tax revenue it generates. For economic development tax credits, that system works well. But for tax credits whose aim is to help low-income seniors or preserve historic buildings, it makes less sense, the IPP brief argues.

The 2012 commission adopted IPP's recommendation that, for credits whose aims are noneconomic, the state should evaluate them on their cost-effectiveness. "That was a big step forward," Gross says, adding the IPP "was a good bridge between the school and the legislature." They didn't say which credits had to stay

or go, “but rather enlightened policy makers on the characteristics of those credits so they could make [their own] policy judgments.”

Lawmakers still haven’t reformed tax credits broadly, though the fiscal 2014 budget the General Assembly passed would eliminate the tax credit for low-income seniors who are renters. Nevertheless, Gross sees a place for the IPP in Jefferson City, Mo. “With term limits and changes that Missouri is rapidly undergoing, I think there’s a void there that needs to be filled,” he says.

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Published by MIZZOU magazine, 109 Reynolds Alumni Center, Columbia, MO 65211 | Phone: 573-882-5916 | Email: mizzou@missouri.edu

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