May 19, 1999

Honorable Mel Carnahan
Governor, State of Missouri
Room 216, State Capitol Building
Jefferson City, MO 65101

Dear Governor Carnahan: Mel

Congratulations on a very productive 1999 Legislative session!

On behalf of the 4,000 members of the St. Louis Regional Commerce and Growth Association (RCGA), it was once again a pleasure to work directly with you and your staff on a number of issues concerning economic development and community improvement.

As we have partnered in the past several years with you on legislation such as BUILD Missouri, Historic Preservation Tax Credits, Brownfields Tax Credits, Rebuilding Communities and the CapCo program, this year's Session was another example of bringing together the public and private sector leadership. We firmly believe the following issues in the just-completed Session will yield substantial results for the St. Louis region as well as the entire State, and your leadership and assistance on them is greatly appreciated.

As you now begin the process of reviewing the specific legislation which passed last week, I would like to share with you items that were high priority for the RCGA and encourage your approval of them; these issues include:

- **House Bill 516** – The omnibus tax package the General Assembly passed includes raising the minimum threshold of the Corporate Franchise Tax to $1 million from $200,000 and reduces the overall rate by 33-percent. There is also a provision which, in certain tax dispute cases, shifts the burden of proof to the Department of Revenue from the individual taxpayer. The RCGA, as you know, worked closely with a statewide coalition of business organizations and you in seeking broad-based tax relief for the entire employer community. *We believe this reduction will enhance the business climate for economic development in the State.*

ONE METROPOLITAN SQUARE
SUITE 1300
SAINT LOUIS MISSOURI 63102
PHONE 314.231.5555
FAX 314.444.1122
http://www.stlrcga.org

DSW 137665

- **Senate Bill 518** – For more than a year-and-a-half, the RCGA has been working with a statewide coalition of technology companies and business incubators on creating an aggressive $40 million Seed Capital Fund. When the issue appeared lost for the year due to the complications regarding the funding source, the RCGA and your office stepped in and created a viable solution of a $20 million fund. As you know, this issue became even more crucial in the aftermath of the recent announcement by Boeing. *We believe this legislation will not only assist the St. Louis region in retaining a highly experienced and talented workforce, it also demonstrates to the technology industry that Missouri is beginning to address some of their needs as we respond to the knowledge economy.*

- **Senate Bill 20** – This measure contains several provisions, but there are two for which the RCGA worked very hard. One is the "Rebuilding Communities and Neighborhood Preservation Act" which authorizes $16 million in State Tax Credits against the costs of new construction or rehabilitation of older homes in targeted areas around the State. I know your office worked closely with St. Louis County Executive Buzz Westfall, the RCGA and others on this issue. The second issue addresses a technical amendment in the "Rebuilding Communities" legislation last year. Under that bill, only businesses which choose to locate or relocate in a "distressed community" qualify for the Tax Credits, ignoring those businesses already located in these areas. *There is a provision in SB 20 which corrects this inconsistency. We believe both of the measures enhance State policies to stimulate private investment in distressed areas.*

- **Senate Bill 405** – This legislation authorizes counties in the St. Louis region to create a region-wide system of connecting greenways – with pathways, biking, walking and other activities. The system would connect existing parks and communities and will serve to enhance local parks as well. This system would be locally funded through an optional 1/10 of-a-cent sales tax, voted upon by the citizens in each county. *This issue is a major priority for St. Louis 2004, which the RCGA has actively supported in both the Missouri and Illinois legislatures.*

DSW 137666

- **House Bill 261** – This bill re-authorizes the ½ cent sales tax in St. Louis City and County for another two years. *As you know, the revenue from this tax accounts for 60-percent of the annual budget for the Bi-State Development Agency and is used to enhance transportation systems, including roads and transit.*

- **Senate Bill 334** – The RCGA worked very closely with the Department of Natural Resources (DNR) on language addressing groundwater clean-up standards for undeveloped industrial sites. This measure would authorize DNR to determine the appropriate level of clean-up on a site-specific basis based upon certain public health concerns. The language contained in the bill is the result of hard work and compromise between industry, the development community and DNR. The bill also expands the "Brownfields" program to include residential property which further reaffirms the State's commitment to redeveloping these historically neglected properties. *We believe this legislation will significantly enhance the effectiveness and impact of the existing "Brownfields" legislation.*

In conclusion, the RCGA believes that each of these measures will greatly enhance the State's tools for community and economic development, and will assist our collective efforts to make Missouri an attractive place in which to do business. As we await your approval of these measures, should you have any questions, please feel free to contact me at (314) 444-1100. Meanwhile, thank you again for your active support of enhancing the State's economic development climate.

Sincerely,

Richard C. D. Fleming
President and Chief Executive Officer

RCDF:agr

cc: RCGA Board of Directors
Kevin Cahill
Jim Farrell
Jill Friedman
Brad Ketcher
Gordon Reel
Ray Wagner

DSW 137667