

April 14, 2023

Good morning.

There are four weeks left in the 2023 regular legislative session. The Senate plans to focus on the FY24 budget next week and the House will continue to tackle what is left of its cultural priorities. Some panic is starting to set in for some. One month left means it's go-time.

The drama in the Senate this week was between Senator Lauren Arthur (D - Kansas City) and Senator Bill Eigel (R - St. Charles County). Last week, Eigel tanked Arthur's childcare tax credit bill and this week she returned the favor when Eigel's 1-70 expansion bill came up. Senator Arthur filibustered Senator Eigel's bill by reading for hours from a self-help book about containing one's emotions. Senator Eigel's bill was eventually laid over without coming to a vote. Hehe.

And, don't forget about the Gov. The first TAFP'd bill of the season hit his desk this week. He gets to decide if wants to sign Senate Bill 51 sponsored by Senator Karla Eslinger (R - Wasola) and expands the physical therapists' scope. A total of 2,270 bills were filed this year. Yowza.

The usual is below. Thanks for all of your help and feedback to date. It's a pleasure working for you! Have a great weekend!

Floor Debate Notes

HCS HB 155-O'Donnell – Show-Me MyRetirement Savings Plan

HA1(.07H)-O'Donnell – changes the title to retirement systems – ADOPTED

HA2(.14H)-O'Donnell – adds provisions from Sb 77 regarding amortization schedules and adds provisions to teacher retirement plans regarding speech pathology assistants and speech implementers to place them back in PSRS (affects fewer than 20 people) – ADOPTED

HA3(.01H)-Pollitt – doubles the time a retired teacher may work in a certified position; modifies the terms of the board or trustees; modifies the multiplier to 2.5%; (SB 681 2022) – ADOPTED

HA4(.04H)-Roberts – modifies surviving spouse benefits for St. Louis Police officers - ADOPTED

HA5(.03H)-Owen – exempts general assembly members who are retired so they may still receive benefits – ADOPTED

HA6(.16H)-Hovis – HB 934 Sheriff's Retirement System – ADOPTED

HCS ADOPTED

PERFECTED by VOICE VOTE

HCS HB 471-Black – Public Employee Incentives

HA1(.07H)-Black – applicable to public schools, does not want to conflict with current statutes, further clarify which employees are eligible – ADOPTED

HA2(.05H)-Lewis – allows for pay differential for teachers working at hard-to-staff schools or subjects – ADOPTED

HCS ADOPTED

PERFECTED by VOICE VOTE

Public Employee Incentives

The House dedicated floor time Wednesday to debate HB 471, sponsored by Representative John Black (R-Marshfield). In order to encourage retention or exceptional employment achievement, this bill provides for personnel payments to be made according to specific, written criteria, predetermined, and approved by the department director in writing, at least one year prior to the exceptional employment achievement. The bill provides that payments authorized by the bill shall not exceed 20% of the employee's base wages or salary and are awarded upon the completion of the retention period in question and not more frequently than biennially (payments indicated in the bill are not considered as a bonus in violation of Article III, Section 39 of the Missouri Constitution). During committee discussions, substitute language was adopted to change the word "state" to "public" in order to include municipal employees. During debate, the sponsor successfully amended the bill to apply the provisions to public school employees and further clarified the definition of public employee. Representative Ed Lewis (R-Moberly) also amended the bill to allow a pay differential for teachers who teach in hard-to-staff schools or hard-to-staff subjects. After a brief debate, the House provided the first of two necessary approval votes.

Show Me My Retirement Savings Plans

The House dedicated floor time Wednesday to debate HB 155, sponsored by Representative Mike O'Donnell (R-St. Louis). The bill creates the "Show-Me My Retirement Savings Administrative Fund", which is a multiple-employer retirement savings plan treated as a single plan under Title I of The Employee Retirement Income Security Act of 1974. During debate, the bill was amended to create a retirement plans omnibus bill. Specifically, the bill now includes:

- SB 77 which modifies the amortization schedule of retirement plans and adds speech pathology assistants and speech implementers to PSRS.
- A provision to double the time a retired teacher may work in a certified position without affecting their retirement benefits and increased the multiplier for retired teachers to 2.5%.
- Modifies the surviving spouse benefits for fallen St. Louis Police officers.
- Exempts general assembly members who are retired so they may receive retirement benefits.
- HB 934 which modifies the Sheriff's Retirement System.

After a lengthy debate, the House provided the first of two necessary approval votes.

Committee Hearing Notes

Employee Securities Income Tax Deduction (ESOP)

The House Committee on Tax Reform convened Tuesday afternoon to discuss SB 247, sponsored by Senator Justin Brown (R-Rolla). Current law allows for an income tax deduction equal to 50% of the net capital gain from selling Employer Securities to a qualified MO employee stock

ownership plan, this deduction expires in December 2022. The bill reauthorizes the tax credit and removes the sunset. During the bill's Senate progression, the bill was amended to include SB 75, which allows teachers to earn up to the annual earnings limit applicable to a Social Security recipient before the calendar year of retirement. Additionally, the amendment allows a retired teacher or non-certificated employee who is receiving a PSRS retirement benefit to work full time for a school district that has demonstrated a shortage of certified teachers or non-certificated employees for two to four years. Lastly, the amendment allows members of the Public School Retirement System of Missouri who have 32 or more years of creditable service, regardless of age, to have their retirement allowance calculated using a multiplier of 2.55%, and establishes a process to remove a same-sex domestic partner as a beneficiary in the event of a separation. Additionally, the bill freezes the property tax for seniors that are 65 years or older and exempts social security benefits from being taxed. The MO Chamber of Commerce and Industry supported the underlying bill. The MO State Teachers Association, and the MO Retired Teachers Association supported the retirement provisions included in the bill. No opposing testimony was presented.

Working After Retirement

The House Pensions Committee convened Tuesday morning to discuss HB 867, sponsored by Representative Jamie Gragg (R-Ozark). Currently, retired teachers can substitute teach up to 550 hours. The bill provides an exemption to allow a retired teacher to work past the 550 hours during teacher shortages. The Superintendent and the Director of Transportation and Director of Custodial Services of the Ozark School District, along with a state public advocate supported the bill. No opposing testimony was presented. PSRS/PEERS provided informational testimony and informed the committee that several bills are moving through the process that would address teacher shortages.

State Performance Audits

The House Government Efficiency and Downsizing Committee convened Wednesday morning to consider passage of HB 310, sponsored by Representative Louis Riggs (R-Hannibal). The bill mandates performance audits of all the state departments, General Assembly, judiciary and executive offices be conducted once every four years to measure economy and efficiency. After no discussion, the committee passed the bill by a 12-0 vote.

The committee then turned its attention towards HB 313, also sponsored by Representative Louis Riggs. The bill requires all state departments to report, on a quarterly basis, the cost of complying with federal regulations to the Department of Economic Development. The bill also requires the reports to be delivered to the General Assembly and made public on the Department's website. After no discussion, the committee passed the bill by a 12-0 vote.

Tidbits

- Meridian Medical Technologies, a leading global contract development and manufacturing organization focused on drug-device combination products, announced Tuesday it will expand in Bridgeton, investing more than \$100 million and creating 30 new jobs. Headquartered in St. Louis, the expansion includes the purchase of a new 155,000-square-foot facility that will be converted to support its production of autoinjectors. The investment in Bridgeton will make it one of the few companies in the world that can support sterile filling and autoinjector manufacturing.
- There is less than three weeks before the NFL Draft will be held in Kansas City. Forbes has just released a prediction the NFL Draft will bring in more than \$100 million to the economy with consumers spending on hotels, restaurants, merchandise, transportation

and food and beverage services. The NFL has also predicted nearly 300,000 people will be in attendance throughout the three-day event.

- On Monday, the Department of Health and Senior Services announced recreational cannabis sales grew more than 22% to \$93.5 million in March, the second month of Missouri's legal recreational cannabis market. Medical sales grew 5% to \$32.7 million, bringing total cannabis sales in March to \$126.2 million. The numbers reaffirm that Missouri is on pace to achieve \$1 billion in annual sales, which could make it the fastest state to reach the milestone.
- On Tuesday, a letter was delivered to every Senator regarding the diversity, equity, and inclusion (DEI) language which was added to the FY 2024 budget and the FY 2023 supplemental budget by Representative Doug Richey (R-Excelsior Springs). The letter includes signatures from over 150 Missouri businesses and non-profit leaders asking them to remove the language from the final budget. The letter asserts multiple programs and services offered in Missouri are required by their accrediting bodies to incorporate some version of DEI concepts and could affect accreditation and federal funding. The letter also advised this would adversely impact Missouri's ability to contract with private companies for contract work.
- The Senate Transportation, Infrastructure, and Public Safety Committee convened Wednesday morning to discuss HB 415, sponsored by Representative Michael O'Donnell (R-St. Louis). This bill requires auto dealers to collect the sales tax at the point of sale. MO Automobile Dealers Association, and the Municipal League of Metro St. Louis supported the bill. No opposing testimony was presented. Senator Holly Thompson Rehder (R-Sikeston) appeared before the House Emerging Issues Committee Wednesday afternoon to present SB 23, sponsored by Senator Lincoln Hough (R-Springfield). The bill is the Senate companion to HB 415, highlighted above. The MO Automobile Dealers Association supported the bill. No opposing testimony was presented.

Budget Update

The House Budget Committee convened this week to review the committee substitutes and mark-up of HBs 17 (Deferred Maintenance-Reappropriation), 18 (Capital Improvements-Maintenance and Repair), 19 (Capital Improvements-Construction Renovation – mostly reappropriated funds) and 20 (ARPA and Higher Education Transformation Projects – with a 50/50 match). The Chairman's mega amendment, which was distributed on Tuesday, made few changes within the bills beyond swapping the funding sources for some of the projects. The entirety of \$859 million for I-70 was placed within HB 19 and also includes \$32 million for I-44 improvements and an environmental study. The substitute further includes \$100 million for minor and low maintenance roads and makes a transfer of \$158 million to the Budget Reserve fund. During the mark-up process on Thursday committee members may offer amendments to further modify the bills and those amendments were released early Thursday morning. The amendments include attempting to restore funding to libraries, attempting to fund various transportation projects, attempting to add an additional \$30 million for NextGen 911, attempting to remove all funding for various state park renovations, and attempting to add various projects for higher education facilities. Once the mark-up process is complete the full House will debate the bills where further amendments may be made. The bills will then be sent to the Senate for further consideration.

It is anticipated the Senate will finally begin crafting their version of the FY 2024 budget late next week once they receive the remaining capital improvement and ARPA bills.

Various 21st Century Task Forces

The House Government Efficiency and Downsizing Committee convened Wednesday morning to consider passage of five bills sponsored by Representative Louis Riggs (R-Hannibal) that seek to create various task forces to study everything from technology to social service systems in Missouri and provide reports to the General Assembly before August 28, 2024. Specifically, HB 311, HB 312, HB 317, HB 735, HB 737 establish various task forces to study how to maximize and expand existing industries that spur technological innovation throughout the state, study and evaluate the current condition of the state's social services system, study the condition of the state's current technology platforms, study the degree of centralization of the various functions of government, and to provide and maintain an accurate account of Missouri state-owned property. During committee discussion, substitute language was adopted to combine the bills into one legislative vehicle. Additionally, the substitute includes HB 1063, which establishes the MO Task Force on Nonprofit Safety and Security. Once modified, the committee passed the bill by a 14-0 vote.

Hearings

House: <https://house.mo.gov/AllHearings.aspx>

Senate: <https://www.senate.mo.gov/hearingsschedule/hrings.htm>

Key Upcoming Dates:

- May 5, 2023 – Constitutional Deadline to pass the FY2024 state budget
- May 12, 2023 – Last day of Legislative Session
- July 1, 2023 – First day of the new fiscal year
- July 14, 2023 – Last day for Governor Parson to sign or veto legislation
- September 13, 2023 – Veto Session

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