

April 21, 2022

This was a quiet week. The legislature was not in on Monday due to the Easter holiday. The House dedicated most of its time to capital improvement bills. There wasn't too much floor time in the Senate to allow for the Senate Appropriations Committee to get through markup for the FY23 budget.

Three weeks are left. Bills will soon become loaded up in addition to the 14 existing omnibus bills. It's the race to the finish line and everyone needing to get something passed is looking for a legislative vehicle. Get your popcorn ready.

Below is a recap of the week, floor and committee notes and a budget update. Please let me know if you have any questions or concerns. Next week will be the last full weekly report.

Thanks and talk to you soon!

Compensation/Budget Update

Emergency Supplemental Budget

In the Emergency Supplemental there is funding for a \$15/hour pay increase for all state workers across all departments. An additional \$15 million was also added to MOSERS. Governor Parson signed this bill on February 24.

Regular Supplemental Budget

There was nothing related to pay increases in the regular supplemental. HB3019 was a large capital improvements bill only.

FY23 Budget

In the FY2023 budget, the Senate position includes a \$500 million proposal to boost the MOSERS investment fund, a mileage reimbursement increase for state employees to match the \$.55 a mile allowed by the IRS, 5.5% cost of living pay increase for all state employees and a \$25 monthly incentive match for state employees who contribute at least \$25 a month for the State of Missouri Deferred Compensation Plan.

Your Floor and Committee Notes

Senior citizen property tax credit

The Senate dedicated floor time Wednesday afternoon to revisit SJR 41, sponsored by Senator Steven Roberts (D-St. Louis). Upon voter approval and approval by the governing body of the county or city not within a county through an ordinance, the resolution would exempt taxpayers 65 years of age or older and meet certain criteria from increases in their residential property taxes. After no debate, the Senate passed the bill by a 29-2 vote. The bill now will be sent to the House for further consideration.

Professional Employer Organizations (PEOs)

The Senate Insurance and Banking Committee met Tuesday afternoon to consider passage of HB 2400, sponsored by Representative Dan Houx (R-Warrensburg). The bill is the House companion to SB 904, sponsored by Senator Denny Hoskins (R-Warrensburg) and provides that both a client and a registered professional employer organization (PEO) shall each be deemed an employer for purposes of sponsoring

retirement and welfare benefits plans for covered employees. After no discussion, the committee passed the bill by a 6-0 vote.

Retirement Options for New State Employees

The House Budget Committee convened Thursday morning to discuss HB 2897, sponsored by Representative Dirk Deaton (R-Noel). This bill would create an option for retirement for new state employees starting after January 1, 2024. New employees may elect to opt in or out of MOSERS within the first 30 days of employment. The default, if no selection is made, will be for employees to be included in MOSERS. For any employee that elects to opt out of MOSERS an equivalent amount equal to the previous year's employer contribution rate for retirement shall be paid to the employee as additional income. The sponsor stated the legislation is a result of numerous conversations relating to state employee pay and he is trying to find another solution to increase pay for new employees. No supporting or opposing testimony was presented. A representative from MOSERS provided informational testimony to the committee and noted there is a concern this language would conflict with current IRS regulations and the employer contribution provisions conflict with current state statute.

Board of Trustees Terms

The Senate Health and Pensions Committee convened Wednesday afternoon to discuss HB 1984, sponsored by Representative Barry Hovis (R-Whitewater). The bill is the House companion to SB 1053, sponsored by Senator Mike Bernskoetter (R-Jefferson City), and would allow active employee members of the Board of Trustees of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System to continue their term until June 30, 2028. The MoDOT and Patrol Retirement System, and MO State Troopers Association supported the bill. No opposing testimony was provided.

Refugee Resource Centers

The Senate Economic Development Committee convened Tuesday afternoon to discuss SB 1233, sponsored by Senator Steven Roberts (D-St. Louis). For all tax years beginning on or after January 1, 2022, the bill authorizes a tax credit for contributions made to refugee resource centers. The International Institute of St. Louis, MO Catholic Conference and Catholic Charities of Central MO supported the bill. No opposing testimony was provided. The MO State Refugee Center provided informational testimony and informed committee members of the various organizations throughout the state that currently work with refugees.

Tidbits...

- On Tuesday, Governor Mike Parson joined 25 other Governors in signing a memorandum of understanding establishing the American Governors' Border Strike Force. The strike force will help increase collaboration and improve intelligence sharing and analyses across participating states to disrupt and dismantle criminal organizations and cartels, combat human smuggling, and stop the flow of illegal drugs to states. The Director of the Department of Public Safety will be Missouri's designee on the strike force. The agreement does not obligate states to expend funds.
- On Monday, the US Supreme Court announced it would not schedule arguments in cases involving state programs that seek to make people who receive government-funded health care benefits to work or seek jobs in exchange for the coverage. The decision comes after the Senate Appropriations Committee passed HJR 117 last week by a vote of 8-5. The proposed constitutional amendment seeks to ask voters to reverse their 2020 decision to permanently expand the government-funded health insurance program. President Pro Tem Dave Schatz (R-Sullivan) stated the decision would likely torpedo the proposed referendum in the Senate.

- The U.S. Supreme Court on Monday declined to hear a St. Louis-based natural gas company's appeal of a lower court's decision that could close a pipeline that runs through parts of Illinois and Missouri. The court rejected Spire Inc.'s appeal without comment. Spire President Scott Smith pledged to continue fighting to keep the 65-mile (105-kilometer) pipeline up and running. The Federal Energy Regulatory Commission granted approval for the pipeline in 2018 and it became fully operational in 2019. The Spire STL Pipeline connects with another pipeline in western Illinois and carries natural gas to the St. Louis region, where Spire serves around 650,000 customers.
- The Senate Committee on Gubernatorial Appointments approved several members of state boards and commissions this week. Former Representative Sheila Solon was appointed as director of the Division of Professional Registration, Jim Arnott as a member of the Peace Officer Standards and Training Commission, and Nicholas S. Gerth as a member of the State Lottery Commission.

Full Budget Update

This week the Senate Appropriations Committee worked feverishly to complete the mark-up process and craft their version of the FY2023 budget. The committee broke from the version the House passed on April 7th in various ways. The Senate chose to fund teacher raises by allocating \$37.1 million which would raise starting salaries to \$38,000. They also fully funded K-12 public school transportation for the first time in over two decades with an allocation of \$214 million. The committee members also used TANF funds for various projects in St. Louis, Joplin, Kansas City, and Springfield. \$5 million was also allocated for aiding in the resettling of refugees and legal immigrants from Ukraine who have been displaced as a result of the Russian invasion. A surprising cut was made to the Office of Attorney General for \$500,000 which would have funded five new attorneys.

Also, during committee discussion, current language that limits pull-tab machines to a total of 500, and limits placement to only fraternal organizations was removed. The removal of the language now broadens the provisions and provides the Lottery more discretion on placement by limiting the number of pull-tab machines to the funding allocated to the Lottery Commission. Senator Justin Brown (R-Rolla) attempted to add Tobacco 21 language to HB 3011 but was ultimately defeated by the committee. The full Senate is expected to begin debate on the thirteen budget bills next week. All differences will need to be worked out between the two chambers in conference.

Meanwhile, the House dedicated time this week considering the various supplemental budget proposals and approved the three remaining capital improvement bills on the floor this week. These bills re-authorize spending for ongoing capital improvement projects (HB 3017), authorizes spending for maintenance and repair projects (HB 3018), and authorize new spending for large capital improvement projects (HB 3019). During debate, Representative Kevin Windham (R-St. Louis) added an amendment which added an additional \$2 million for the Department of Natural Resources to maintain and repair African American cultural assets throughout the state. The House also approved a measure which would authorize a one-time tax credit for Missourians. The bill would offer up to a \$500 nonrefundable tax credit to individuals and up to \$1,000 to married couples filing jointly. The legislation was opposed by Democrats who said the bill did not do enough for low-income and working-class citizens. These bills will now be sent to the Senate Appropriations Committee, and it is expected that the committee will work through the capital improvement bills on Tuesday.

Key Upcoming Dates

- May 6, 2022 – State Budget finalized per Missouri Constitution

- May 13, 2022 – Last day of the 2022 Legislative Session per Missouri Constitution
- July 1, 2022 – First day of Fiscal Year 2023
- July 14, 2022 – Last day for the Governor to Sign or Veto Bills
- August 28, 2022 – Date Most Legislation Takes Effect (unless another date is specified)
- September 14, 2022 – Veto Session

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