



April 5, 2024
Week 13

This was a short week due to the Easter Monday holiday. Both chambers made up for lost time by working into the evenings. The House spent most of its time perfecting its version of the FY25 budget. The Senate ended up sending several bills to the lower chamber. On Wednesday, it spent all of its time debating solid waste permitting legislation related to the proposed landfill site Kansas City.

The House is not in session on Monday to allow members to experience the total solar eclipse. Some will be traveling to the southeast region of the state to enjoy it in its entirety. The Senate is business as usual. We can expect more late nights in the weeks ahead as legislative time begins to run out.

A summary of the week, floor debate and committee notes are below. Please let us know if you have any questions or concerns. There are six weeks left.

We hope you have a great weekend! Happy baseball season!

Floor Debate Notes

Special Taxing District

The House dedicated floor time Wednesday afternoon to revisit HB 2058 sponsored by Representative Ben Keathley (R-Chesterfield). The bill includes three provisions. Specifically, the bill seeks to adjust the definition of video service provided to exempt streaming platforms. Additionally, the bill requires community improvement districts to be approved by a 2/3 vote before being established and also requires 2/3 approval for transportation development districts prior to the construction or funding of any project. Lastly, the bill specifies that if a political subdivision submits a tax proposal for a new or increased tax authorized under a specific statute and it does not pass, the proposal cannot be submitted again for two years following the rejection. During the bill's progression, substitute language was adopted to clarify language regarding the election cycle and to include a provision to allow a political subdivision to resubmit to voters before two years in the event there is a federal or state declared natural disaster. Additionally, a provision from HB 1517 which requires any new tax levy voted on by the people to have clear and concise ballot language regarding any new tax levies implemented or extended and to include any sunset date provisions was added to the bill. During debate, the bill was successfully amended to add additional provisions from HB 1517 to close a loophole within the Hancock Amendment to ensure approved levies do not surpass expenditure limitations and allow ballot measures to be added before the two-year moratorium if a change is made to the ballot proposal. Additionally, language was adopted which clarifies that the 2/3

majority threshold still applies if a sales tax is the funding mechanism and special taxing districts are not affected. After little debate, the House passed the bill by an 86-55 vote.

Department of Revenue Omnibus

The House dedicated floor time Wednesday afternoon to debate HB 1775, sponsored by Representative Chad Perkins (R-Bowling Green). The bill exempts homeless children, homeless youth, and unaccompanied youth from certain fees collected by Department of Revenue fee offices related to intermediate driver's license fees and their first nondriver identification card. During debate, several amendments were successfully added to create an omnibus Department of Revenue bill. Specifically, the bill now includes:

- HB 1459, which modifies provisions relating to disabled American veterans' special license plates;
- HB 2843, expands provisions relating to confidentiality of motor vehicle or driver registration records for parole personnel;
- HB 2589, which modifies provision of the "Champion for Children" tax credit and the "Donated Food" tax credit relating to tax credit award denials;
- HB 1451, which modifies provisions relating to the issuance and renewal of license plates and placards for person with disabilities;
- A provision allowing for alternative fuel decals to be purchased for up to two years;
- A provision altering personal vehicle registration fees to \$25 and motorcycles to \$10;
- A provision altering farm fleet vehicle registrations; and
- A provision modifying vehicle emission inspections.

Once modified, the House provided the first of two necessary approval votes.

Committee Notes

Divestment from Foreign Entities

The House Pensions Committee met in executive session Tuesday morning to consider passage of HB 2143, sponsored by Representative Brian Seitz (R-Branson), which establishes the "Foreign Adversary Divestment Act." All state-managed funds would be prohibited from holding investments in any foreign adversary and would be required to immediately, in good faith, begin divestment of any such holdings and to complete divestment within two years of the legislation's effective date. State-managed funds would be further prohibited from investing or depositing public funds in any bank domiciled or principally located within a foreign adversary. Additionally, "foreign adversary" includes the People's Republic of China, the Russian Federation, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Republic of Cuba, the Venezuelan regime of Nicolas Maduro, the Syrian Arab Republic, and any other entity designated by the governor in consultation with the Attorney General. Finally, this bill is not to be construed to inhibit, conflict, impede, or otherwise interfere with any required financial safeguards, fiduciary requirements, or other sound investment criteria to which a state-managed fund is subject. After no discussion, the committee passed by a 5-3 vote.

The committee then turned its attention towards HB 1869, sponsored by Representative Dirk Deaton (R-Noel). The bill requires the public retirement and benefit systems to not knowingly invest in a restricted entity or a restricted investment product and divest any investment that the system has on behalf of a fund, including particular investments publicly confirmed to be controlled by the People's Republic of China or the Chinese Communist Party. Additionally, the

retirement system boards would be required to make a good faith effort to identify all restricted entities and restricted investment products in which the system holds an investment. Finally, the divestment requirements included in the bill do not apply to private market funds. After no discussion, the committee passed the bill by a 5-1 vote.

Established Dealership Car Inspections

The House Special Committee on Government Accountability met Wednesday morning to discuss HB 2317, sponsored by Representative Jeff Knight (R-Lebanon). The bill would exempt established dealerships from having to do a prior sales inspection on vehicles that are less than three years old, with less than 40,000 miles. During the bill presentation, the sponsor stated he will be offering a committee substitute to reduce to less than 36,000 miles, since that is the minimum warranty coverage provided on a vehicle. Additionally, the committee substitute would allow an established dealership to do their own odometer reading and VIN inspections. Carvana supported the bill. A private citizen opposed the bill.

Mo Bucks

The House Financial Institutions Committee convened Tuesday morning to discuss SB 736, sponsored by Senator Sandy Crawford (R-Buffalo). The bill is the Senate companion to HB 1803, sponsored by Representative Terry Thompson (R-Lexington) and raises the aggregate amount the state treasurer may invest in linked deposits with a cap of \$1.2 billion. The current cap is \$800 million. The bill also changes the calculation basis from “dollars” to “percentages”. During bill progression, it was amended to include SB 735, which creates and modifies provisions relating to gold and silver, and also prohibits the state treasurer from accepting payments using central bank digital currency. Missouri Bankers Association, FSC Financial, Missouri Chamber of Commerce and Industry, Missouri Credit Union Association, Missouri Farm Bureau, Greater Kansas City Chamber of Commerce, Civic Council of Greater Kansas City and Economic Development Corporation of Kansas City provided supporting testimony stating this would help lower interest rates on loans for bank consumers and are supportive of expansion of the MO Bucks program. The Missouri State Treasurer’s Office provided informational testimony regarding the MO Bucks program. No opposing testimony was presented to the committee.

Credit Union Membership

The House Financial Institutions Committee convened Tuesday morning to discuss HB 2452, sponsored by Representative Richard West (R-Wentzville). The bill modifies those who may be credit union members and duties of credit unions. The sponsor stated he is seeking to expand access to credit unions. United Credit Union, Telcom Credit Union, Mississippi Credit Union, First Missouri Credit Union, and United Consumers Credit Union provided supporting testimony stating this would allow credit unions to better serve consumers and their communities and fill gaps for those who cannot receive loans through traditional banks. Missouri Bankers Association, First Federal Bank of Kansas City, Regional Missouri Bank provided opposing testimony stating the legislation allows credit unions to grow and operate similarly to banks without having to follow the same regulations and have the same oversight and this could negatively impact smaller independent banks.

General Assembly Term Limits

The House Elections and Elected Officials Committee convened Tuesday afternoon to consider passage of HJR 69, sponsored by Representative Mike Stephens (R-Bolivar). Currently, members of the General Assembly can serve no more than eight years total in any one chamber. Upon voter approval, this resolution would remove the single chamber prohibition,

allowing members to serve no more than sixteen years total in either chamber. After no discussion, the committee passed the bill by a 15-1 vote.

Ballot Measures

The House Elections and Elected Officials Committee convened Tuesday afternoon to consider passage of SJR 74, sponsored by Senator Mary Elizabeth Coleman (R-Arnold). Currently, constitutional amendments must win a simple majority of voters statewide. As originally filed, the resolution, upon voter approval, would require amendments to receive a majority vote in at least five of the state's eight congressional districts. During the bill's progression through the Senate, the bill was amended to remove all of the previously proposed changes and limiting the resolution to voter thresholds and the resolution now only requires all such proposed constitutional amendments and new amendments to receive a majority of the votes cast statewide as well as a majority of the votes cast in at least a majority of the Congressional districts, with such approved amendments to take effect at the end of 31 days after the election. During lengthy committee discussion, substitute language was adopted prohibiting foreign interference including sponsoring, contributing to a campaign committee, electioneering or anyone accepting any of the same from a foreign individual or political party. Additionally, the owner of petitions and votes must be residents of the state. Finally, the "ballot candy" language was also added which specifies only U.S. citizens may vote. Once modified, the committee passed the bill by an 11-5 vote.

Political Advertisements

The House Elections and Elected Officials Committee convened Tuesday afternoon to discuss HB 2544, sponsored by Herman Morse (R-Dexter). The bill requires a source citation of the original source on campaign material near the "Paid By" section of the literature. The Press Association provided informational testimony. No supporting or opposing testimony was presented to the committee.

Sales Tax Refund

The Senate Economic Development and Tax Policy Committee convened Tuesday afternoon to consider passage of SB 1233, sponsored by Senator Mike Moon (R-Ash Grove). The bill requires the Department of Revenue to authorize a sales tax refund to taxpayers in the event a judgement is ordered against the Department by the Administrative Hearing Commission for over-assessment or negligence in confirming the accuracy of information on the part of the Department, as revealed by an audit. After no discussion, the committee passed the bill by a 4-0 vote.

Installation of Electric Vehicle Charging Stations

The Senate Economic Development and Tax Policy Committee convened Tuesday afternoon to consider passage of HB 1511, sponsored by Representative Jim Murphy (R-St. Louis). The bill requires political subdivisions that require the installation of electric vehicle (EV) charging stations at certain businesses to pay the costs associated with the installation, maintenance, and operation of such stations. Additionally, the bill caps any political subdivision from requiring more than five EV stations per parking lot. After no discussion, the committee passed the bill by a 3-1 vote.

Angel Investment Incentive Act

The Senate Economic Development and Tax Policy Committee convened Tuesday afternoon to consider passage of SB 1178, sponsored by Senator Denny Hoskins (R-Warrensburg). The bill is the Senate companion to HB 2226, sponsored by Representative Travis Smith (R-Dora) and

establishes the “Missouri Angel Investment Incentive Act.” Beginning January 1, 2025, the bill would permit a tax credit for an investor’s cash investment in a qualified business in the amount of 40% of the investor’s cash investment in any qualified business. The credit will be equal to 50% of the investor’s cash investment if the business is located in a county meeting the rural area classification in the bill. Additionally, the bill contains provisions concerning allocation of the tax credits, factors MTC may consider as part of its assessment, and qualifications for designation as a “qualified business. Finally, the bill caps the amount of tax credits that may be issued. During committee discussion, a committee substitute was adopted to align the bill with the House companion by changing the start date of the program, delaying the dates the credit would automatically increase, shortened the sunset to six years and changed “region” to “county.” Once modified, the committee passed the bill by a 3-1 vote.

MO Contracts

The House Government Efficiency and Downsizing Committee convened Wednesday morning to discuss HB 1827, sponsored by Representative Cyndi Buchheit Courtway (R-Festus). Currently in making purchases, the Commissioner of the MO Office of Administration shall give preference to commodities and tangible personal property produced within Missouri. The bill will add Missouri based businesses to the list of businesses that are given preference for purchases made by the state. The Missouri based business is defined as a corporation, limited liability company, limited partnership or limited liability partnership formed or domiciled in Missouri, whose principal place of business has a physical location within the state. Citing the Department was previously contracting with several MO based businesses and unexpectedly canceled the contracts and moved the services to out-of-state companies, the intent of the legislation is to promote Missouri businesses and keep taxpayer money within the State. After no discussion, the committee passed the bill by a 10-0 vote.

Public Employee Retirement Systems

The Senate Veterans, Military Affairs and Pensions Committee convened Tuesday afternoon to discuss HB 2431, sponsored by Representative Barry Hovis (R-Whitewater.) The bill modifies provisions relating to the board of trustees for the Missouri Local Government Employees’ Retirement System (LAGERS). Currently, the board consists of 3 employer members, 3 worker members, and one civilian trustee. As the Lagers program has grown with time, retirees now represent a large portion of their members, and the bill seeks to add a retired member. During the bill’s progression, substitute language was adopted which removed the provisions regarding times of service, clarifies the CPI used is determined by the LAGERS board, clarifies the extent of Sunshine Law compliance, narrowed the provision regarding the scope of closing old funds, and removed obsolete provisions. Additionally, the bill exempts monies received from judgements and civil actions for emergency responders if the payout received is for a higher rank. St. Louis Police Retirement System and LAGERS provided supporting testimony. No opposing testimony was presented to the committee.

Senior Citizen Property Tax Credit

The House Special Committee on Property Tax Reform met Wednesday afternoon to discuss SB 756, sponsored by Senator Tony Luetkemeyer (R-Parkville). Last year SB 190, which authorized a property tax credit on any property taxes on primary residence for people that are 65 years of age or older and eliminated taxes on social security benefits, was signed into law. There was some confusion once SB 190 passed rather than if a person had to qualify for and be eligible to receive social security benefits in order to qualify for the tax exemption. The bill seeks to clarify that any person 62 years, or older, regardless of if they qualify for benefits, is eligible for the tax exemption. Additionally, the bill clarifies that the tax credit is calculated when an

individual turns 62 and the county has also adopted an ordinance adopting SB 190. Additionally, the bill clarifies that new construction and property improvements shall be increased to reflect the real property tax liability and clarifies property tax liability shall be increased in the event a homestead is annexed into a taxing jurisdiction. During committee discussion, committee members questioned the sponsor on the possibility of amending the bill to expand the provisions statewide instead of leaving it to individual local governments to adopt the provisions and also questioned the possibility to include new provisions, like language relating to the circuit breaker. The sponsor informed committee members of the complexity of the Senate and the potential difficulties of getting approval from the Senate and advocated the need to keep the bill intact, without any modifications. The Collector of Revenue for Greene County, St. Charles County, AARP, and Warren County supported the bill. The ShowMe Institute opposed the bill. The Boone County Auditor provided informational testimony stating how to calculate the tax is not defined in the bill, which would provide each county the ability to calculate differently and advocated the need to standardize that calculation.

Powers of the State Auditor

The Senate Government Accountability Committee convened Thursday morning to discuss HB 2111, sponsored by Representative Phil Christofanelli (R-St. Peters). The bill provides that the Auditor may audit all or part of any political subdivision or government entity if, after an investigation, the auditor believes improper governmental activity has occurred. The Office of State Auditor provided supporting testimony. No opposing testimony was presented to the committee.

In Brief

- Three Missouri Republican Senators, Senators Rick Brattin, Denny Hoskins and Nick Schroer, are being sued for defamation over social media posts incorrectly identifying a Kansas man as an undocumented immigrant and the shooter at the Kansas City Chiefs Super Bowl victory celebration. The suit, brought by Denton Loudermill of Olathe, KS, is similar to a complaint filed last week against U.S. Congressman Tim Burchett of Tennessee. No hearings have been scheduled in any of the lawsuits.
- The House Elections and Elected Officials Committee convened Tuesday afternoon to consider passage of HJR 69, sponsored by Representative Mike Stephens (R-Bolivar). Currently, members of the General Assembly can serve no more than eight years total in any one chamber. Upon voter approval, this resolution would remove the single chamber prohibition, allowing members to serve no more than sixteen years total in either chamber. After no discussion, the committee passed the bill by a 15-1 vote.
- St. Louis is one of the three cities the Department of Justice has identified as “most in need” of additional crime-fighting resources, so Attorney General Merrick Garland will be sending in additional law enforcement resources to help. The effort is part of the DOJ’s Criminal Division Violent Crime Initiative (VCI) which launched in September 2022. THE VCI utilizes prosecutors from the Criminal Division’s Violent Crime and Racketeering Section to work alongside prosecutors from the U.S. Attorneys’ offices, as well as dedicated agents, analysts and forensic experts from the ATF, FBI, DEA and other federal, state and local law enforcement agencies. In

addition to St. Louis, Jackson, MS and Hartford, CT have been announced as the next VCI cities.

- Jackson County's County offices remain closed after a ransomware attack occurred Tuesday morning which disrupted multiple county services. Measures are actively in place to prevent further compromise to the county's network as the County, in conjunction with federal law enforcement and contracted cybersecurity specialists, continues its investigation into the origin of the attack. The impact on the county does not include taxpayers' personal and sensitive financial information.
- The House Transportation Accountability Committee convened Thursday morning to consider passage of HB 1921, sponsored by Representative Herman Morse (R-Dexter). The bill allows the Department of Revenue to collect an electric hybrid vehicle road use fee of 4% of the list price and a 2% of the list price road use fee for new plug-in electric hybrid vehicles. These fees are to be collected upon the initial registration for each vehicle and funds collected will be deposited into the State Road Fund. After no discussion, the committee passed the bill by a 7-0 vote.

Budget Update

The full House finished crafting their version of the \$50.7 billion FY25 budget this week. The House version contains \$1.9 billion less than the Governor's recommendation. On Tuesday, the House debated the budget for nine hours before finally giving initial approval to the 17 appropriation bills. Over 400 amendments were filed for the appropriation bills with 109 of those being adopted. Some of the failed amendments included restoring Governor Parson's recommendation of a 3% increase in funding for colleges and universities, rather than keep the committee recommendation of a 2% increase, an increase in rates for services for people with disabilities through centers for independent living, a cut to children's health premiums and a removal of the cap on a key variable that determines how much money is given to public schools.

Some amendments that did pass include a cut of \$53.4 million in federal funding for COVID-19 mitigation and prevention, \$1 million in federal funding for Lincoln University for an Industrial Hemp program, \$300,000 for an environmental impact study for I-70 for improvements between Blue Springs and Grain Valley, a restoration of a \$2 million transfer for tourism, increases to grants to provide education on opioid abuse and over \$25 million dedicated to establishing an engineering program and facilities at UMSL.

All eyes will now turn to the Senate as they begin to craft their version of the budget. Sweeping changes are expected as the Senate does not have the same balancing rule as the House. The Senate also only has five weeks to mark-up the bills, debate them before the full Senate and work out the differences with the House before the constitutional deadline of May 10th.

Upcoming Hearings of Interest

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

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

Calendars

House

Senate

Key Upcoming Dates

- May 10, 2024 – Last Day to Constitutionally pass the FY 2025 Budget
- May 17, 2024 – Last Day of the 2024 Legislative session
- August 6, 2024 – Missouri Primary Elections
- September 11, 2024 – Veto Session

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