

August 22, 2022

Good afternoon!

Below is a summary of the special legislative session Governor Parson announced earlier today and a brief update from last week.

Please let us know if you have any questions or concerns! Thanks and have a great week!

Special Session

This afternoon, Governor Mike Parson announced he has issued a call for a special session starting September 6, 2022 at 12 p.m. The legislature will consider Governor Parson's new tax program proposal which focuses on reducing the individual income tax rate, increasing the standard deduction, and simplifying the state tax code.

During a press conference, Governor Parson outlined the tenets of his proposal which includes the following:

- Reducing the top individual income tax rate from 5.3 to 4.8 percent, a nearly 10 percent cut;
- Increasing the standard deduction for individuals by \$2,000 and by \$4,000 for married joint filers; and
- Eliminating the bottom income tax bracket.

This tax relief plan could mean significant savings for Missourians. The Office of Administration projects the following scenarios for Missourians of different backgrounds and the Missouri tax structure:

- Senior making \$20,000 per year - 100 percent decrease in tax liability;
- Single adult making \$25,000 per year - 32 percent decrease in tax liability;
- Single mom with two kids making \$35,000 per year - 21 percent decrease in tax liability; and
- Married couple making \$125,000 per year - 11 percent decrease in tax liability.

Governor Parson's special session proposal also includes the extension and creation of agriculture tax credit programs. The sunset for each program will be for a minimum of six years. This portion of Governor Parson's proposal includes the following:

- Extending the expiration of the meat processing facility investment tax credit;
- Creating a tax credit program for retail dealers of higher ethanol blend fuels;
- Creating a tax credit program for retail dealers of biodiesel;
- Creating a tax credit program for Missouri biodiesel producers;
- Creating a tax credit program for establishing or improving urban farming operations;
- Extending the expiration of the Rolling Stock Tax Credit program;

- Extending the expiration of the Agricultural Product Utilization Contributor Tax Credit;
- Extending the expiration of the New Generation Cooperative Incentive Tax Credit;
- Exempting utility vehicles for agriculture use from state and local sales and use taxes;
- Creating the Specialty Agricultural Crops Act; and
- Amending the Family Farms Act to modify the definition of small farmer.

Conservative Caucus Update

In a surprising turn of events, the Missouri Senate Conservative Caucus issued a letter last week announcing it will “disbanding” the caucus. Due to term limits, the caucus was down to five members of the 34-member body, but it was slated to pick up not only the two seats lost but likely a few others.

According to the letter, the Caucus “hopes to unite under a single majority Republican caucus through a new coalition of leadership”. In response, Senate Majority Leader Caleb Rowden (R-Columbia) tweeted Senate Republicans have passed generational conservative reforms into law over the past few years and stated he is “happy these five Senators want to join the team that has been leading the conservative fight in Missouri.”

Tidbits...

- The Missouri Department of Health and Senior Services (DHSS) published its third annual report this week of the Missouri Medical Marijuana Regulatory Program. DHSS is required to annually submit a report to the Governor regarding the efficient discharge of its responsibilities under Article XIV Section 1 of the Missouri Constitution. Reported activities are based on the program year of December 6, 2020, through December 5, 2021. The full report can be found [here](#).
- Last week, Governor Mike Parson announced the appointment of Warren K. Erdman, of Kansas City and former Mayor of Columbia Brian Treece to the State Highways and Transportation Commission.
- The FDA announced it will make hearing aids available without a prescription or medical exam. Some over-the-counter hearing aids could be available as soon as mid-October. The cost of the over-the-counter hearing aids are not yet clear, but estimates are devices will range between \$300 and \$500 per device, which is far less than the almost \$5,000 it currently costs for two hearing aids and the services of the audiologist who prescribes them. The devices will be available for individuals 18 and older at pharmacies, stores and online.
- Last Wednesday, Cole County Circuit Judge Jon Beetem granted EngagePoint a directed verdict of a little over \$23 million that the company argued it was owed from a breach of contract with the Missouri Department of Social Services. EngagePoint sued the Missouri Department of Social Services in

August 2016, alleging contract breaches over extra work to implement a case management system for the Missouri Medicaid system. The verdict comes at a time when the Missouri Eligibility Determination and Enrollment System has come under increased scrutiny as the Department of Social Services' delays in enrolling newly eligible participants under expanded Medicaid. The delays, which are more than twice the limit allowed under federal regulations, have led the Centers for Medicare and Medicaid Services to require a mitigation plan for improved processing of applications. A spokesman for the attorney general's office said they plan to appeal the verdict.

In Committee This Week:

Education Update

The Senate Interim Committee on Education convened last week to consider public testimony regarding public education assessments, accreditation, and annual performance reports. Representatives from Missouri NEA, Activate STL, Bridge to Hope, Missouri Charter Public School Association, Missouri Charter Public School Commission, Quality Schools Coalition, Missouri School Boards Association, St. Louis Public Schools, Kansas City Public Schools, and Dr. Mary Burns all presented to the committee. The presentations centered around concerns with the rollout of the Missouri School Improvement Program cycle 6 (MSIP 6) which was finalized and approved at the State Board of Education meeting held on August 16, 2022.

Most expressed concern regarding the accreditation process as it does not include a rating system, no adaptive testing is offered throughout the year to measure student performance, and the charter schools suggested the majority of MSIP 6 is not applicable or there is no clear path for implementation. Some stated the MSIP 6 did not receive enough input from teachers and did not include any suggestions from the Teacher Recruitment and Retention Blue Ribbon Commission. It was also suggested a complete overhaul of the statewide accreditation process and procedures needs to occur for MSIP 6 to truly be successful.

Finally, all present asked for more communication and information from the Department of Elementary and Secondary Education to allow parents, students, teachers, administrators and staff to fully understand the MSIP 6 rollout process and its performance measures.

There was no new hearing date or agenda announced by the end of the hearing.

Upcoming Committee Hearings:

8/31/2022 at 11:00 a.m. - House Interim Committee on Veterans Mental Health and Suicide

Committee Hearing Room, HR 7

This hearing will focus on veteran suicide with presentations by the Missouri Department of Mental Health on their 988 suicide prevention hotline program as well

as various non-profit organizations who offer life changing resources and experiences, crisis intervention, mental health and substance use treatment, and outreach for veterans.

Key Upcoming Dates:

- August 28, 2022 – Date Most Legislation Takes Effect (unless another date is specified)
- September 14, 2022 – Veto Session
- October 1, 2022 – Departments must submit proposed budgets for FY 2024
- November 8, 2022 – Missouri General Election
- December 1, 2022 – First day of pre-bill filing for the 2023 legislative session

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