

February 3, 2023

Five weeks in and we are moving. If you're a Capitol regular, you know this is the first time it felt like an up-and-running legislative session. Committees are in full swing and we heard this year's first floor debate. It was normal.

The ushe is below: Tidbits, committee and relevant floor notes and a budget update. It's a pleasure to work for you. Please let us know if you have any questions or concerns!

Have a great weekend!

Budget Update

The House Appropriations Subcommittees continued this week to hear from the various departments regarding the FY 2024 budget recommendations and requests. The only budget presentations yet to be made are from the Lieutenant Governor, Judiciary, and the Secretary of State. It was announced late Wednesday night that the subcommittees could begin the process of marking up the budget as early as next week. The mark-up process will involve the subcommittees crafting their version of the budget and then a presentation to the full budget committee for further adjustments and amendments. A hearing for the emergency supplemental (HB 14) was scheduled for Monday but was cancelled. Governor Mike Parson has asked the General Assembly to quickly pass the bill to give state employees a badly needed pay raise to combat the shortage of workers in various departments. At the time of this report, the hearing has not yet been scheduled for next week.

A Hollywood Return to Mo?

The Senate Economic Development Committee convened Monday afternoon to discuss three pieces of legislation that would reauthorize a tax credit for certain expenses related to films produced in the state. The program was in effect previously and expired in 2013 and this bill reauthorizes the program through 2031. Similar bills were heard in the House and support on both sides of the building was overwhelming. There was a lot of testimony in support.

And a little icing on the cake - the same committee also heard testimony on two bills that would establish the Entertainment Industry Jobs Act which creates a tax credit for those that provide live entertainment and can be used for rehearsal and tour expenses. The bill has a 6-year sunset provision and an \$8 million cap. Again, a lot of support for this bill. I will let you know when it's time to get your red carpets ready.

Grants for Roadway Construction

The U.S. Department of Transportation announced that \$800 million in grant awards are on the way for more than 500 projects aiming to improve local roadways and reduce national traffic fatalities. The Safe Streets and Roads for All Grant Program includes ten grants for communities outside of the lake region in Missouri. All totaled, the competitive grant program included in the infrastructure law (IIJA) provides \$5 billion over five years for local, regional and Tribal initiatives across the country.

Committee Notes

State Road Fund

The House Committee on Transportation Accountability convened Thursday morning to discuss HJR 37, sponsored by Representative Don Mayhew (R-Crocker). The resolution would require the State Road Fund be subject to General Assembly appropriation, instead of standing appropriated without legislative oversight. During the bill presentation, the sponsor informed the committee his intent with the legislation is to ensure that taxpayers dollars are spent the way it was intended to be spent. The committee had a lengthy discussion regarding the history of the State Road Fund and how the Highway and Transportation Commission came to be in existence and its role in spending the State Road Fund. The sponsor stated the hearing would be continued to next week to allow MoDOT Director Patrick McKenna a chance to testify on the legislation.

MoDOT and HSP Retirement System

The Senate Committee on Veterans, Military Affairs and Pensions convened Wednesday afternoon to discuss SB 20, sponsored by Senator Mike Bernskoetter (R-Jefferson City). The bill would allow active employee members of the Board of Trustees of Missouri Department of Transportation and Highway Patrol Employees' Retirement System to continue their term until June 30, 2028. The Board of Trustees of MoDOT and HSP and Missouri State Troopers Association presented supporting testimony stating without the legislation it is possible a quorum may not be achievable with current members being retirees. There was no opposition testimony presented to the committee.

Biweekly Pay

The Senate Fiscal Oversight Committee convened Thursday morning to discuss SB 111, sponsored by Senator Mike Bernskoetter (R-Jefferson City). The bill is the Senate companion to HB 131 sponsored by Representative Dave Griffith (R-Jefferson City). SB111 allows the salaries of public (state) employees to be paid on a biweekly basis, as determined by the Office of Administration. After no discussion, the bill was voted do pass 8 - 0.

Environmental, Social and Governance (ESG) in Retirement Systems

The House Pensions Committee met on Tuesday morning to discuss HB 769 sponsored by Representative Bill Owen (R-Springfield). This legislation, which he has been working on for several months alongside Representative Terry Thompson (R-Lexington), seeks to ensure that investment fiduciaries do not consider ESG characteristics in a manner that overrides their fiduciary duties. Speaking in favor of the bill was Greg Fister with the Opportunity Solutions Project. He said that ESG puts Missouri retirement savings in jeopardy and this bill gets politics out of people's retirement plans. ESG investing typically results in lower returns because they underperform. At the same time, the ESG managers charge upwards of 40% for these services. Also speaking in support of the bill was Jeff Kempker, the Executive Director of LAGERS. He said that their goal as fiduciaries of the plan is to minimize risk while maximizing returns. They want to be able to continue making decisions that are in the best interests of their members. Michael Berg, with the Sierra Club, said that they think the ESG criteria is vague and hard to interpret. He also said that the MO Sheriff's Retirement Fund noted in their fiscal note response to HB 769 that this legislation could have a negative impact on their plan. Finally, the Executive Directors for PSRS/PEERS and MOSERS testified for informational purposes. PSRS/PEERS said that their investment policy is to invest where they can maximize their value. MOSERS said that their board adopted proxy voting guidelines that are similar to those in the bill, so this aligns with their current practice.

Environment, Social, and Governance Requirements

The House Financial Institutions Committee convened Tuesday afternoon to discuss HB 770, sponsored by Representative Terry Thompson (R-Lexington). The bill prohibits Missouri State agencies from implementing Environment, Social, and Governance (ESG) requirements on Missouri businesses, including farming operations. The Opportunity Solutions Project, and the MO Farm Bureau provided supporting testimony and stated that the bill offers protections to Missourians and expressed concerns about ESG standards and its impact on a free market. The Sierra Club, and the Service Employees International Union opposed the bill and stated the bill takes away the state's ability to create guidelines and expressed concerns that this will limit bidders.

The committee then turned its attention towards HB 824, sponsored by Representative Michael O'Donnell (R-St Louis). The bill requires financial advisers to disclose any social objective or non-financial objective to clients. The MO Secretary of State John Ashcroft provided supporting testimony and stated the bill is simply a consumer protection bill and your money should be invested the way you want it to be invested. Additional supporting testimony was provided by the Opportunity Solutions Project, which stated ESGs are radical investment policies that put retirement systems in jeopardy. The MO Chamber of Commerce opposed the bill and informed committee members that the bill creates new mandates on businesses, requires much more compliance and stated that out of an abundance of caution investment

advisors would likely do a disclosure on every transaction. Lastly, it was stated that there are currently no clear definitions of ESG and Missouri would be the only state to do this. The Sierra Club provided informational testimony and stressed the need to establish clear definitions of ESG.

Tidbits

- St. Louis County's crime commission announced they will begin holding meetings again beginning February 23rd. A law from 1976 created the commission with a stated purpose of coordinating "all law enforcement and criminal justice activities in St. Louis County, such as those of the police, criminal courts, juvenile court and correction systems to prevent fragmentation of police, judicial and correctional agencies." County Executive Sam Page first convened the group in October of 2019, but the group met just four times before the pandemic hit. The commission is made up of various judicial officers, municipal officials, prosecutors, and two citizen members.
- This week, Lyndall Fraker, who has been the director of the state's cannabis regulation division since 2018, retired from his position. Deputy Director Amy Moore is serving as the interim director and is also the medical marijuana counsel for the state. The Department of Health and Senior Service, which oversees the Division of Cannabis Regulation, has not yet appointed a permanent director. Fraker and the division dealt with considerable backlash for the way medical marijuana licenses were awarded after medical marijuana was legalized in 2018.
- This week, in an effort to enforce the laws as written and protect children throughout the state, Missouri Attorney General Andrew Bailey directed a letter to Missouri School Board Association (MSBA) Executive Director Melissa Randol, urging MSBA to call on their members to adopt a model resolution pledging to uphold Missouri law on human sexuality instruction in public schools. The full letter can be read [here](#).
- Cassville R-IV school district was awarded five new eBuses worth \$1.9 million thanks to a rebate program from the Environmental Protection Agency (EPA). There were 4,200 applicants nationwide, with 401 districts chosen to receive rebates totaling nearly \$1 billion, to replace existing school buses with clean and zero-emission (ZE) models. The superintendent for the school district that will soon receive the zero-emission buses said the new vehicles will not be used for long-distance travel. According to the EPA, a fully charged ZE bus will run for approximately 100-to-500 miles before needing to charge. The cost of the charging infrastructure is included in the funding.

Hearings

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

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

Key Upcoming Dates

- February 8, 2023 – State of the Judiciary
- February 20, 2023 – Presidents Day Observed – No Session
- March 1, 2023 – Last Day to File Bills
- March 9 – 20, 2023 – Legislative Spring Break
- April 10, 2023 – Easter Break – No Session
- 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

--

Brittany Robbins
Strategic Capitol Consulting (SCC)
Government Affairs, Communications, Operations
314-712-8646
brittany@strategiclobby.com
www.strategiclobby.com