

March 24, 2023

Mrs. Jessica L. Pabst (May 21, 1985 - March 15, 2023)

The Missouri Lobbying Corp said goodbye to a bright light yesterday. Our friend and colleague Jessica Pabst passed away suddenly last week from complications of pneumonia. She is survived by her husband Brandon, sons Paxton (5), Lincoln (3), both of her parents and tons of aunts, uncles, cousins and too many friends to count. Jessica was only 37, but had a lifetime of achievements and success under her belt. She was a lobbyist for Husch Blackwell Strategies and headed up most of their healthcare portfolio. She was involved with Friends of the Governor's Mansion, Missouri KidsFirst, Missouri Women's Policy Network, Fostering Health Children Clinic Board, Evie's Warriors and Leadership St. Louis. Jessica was always joyous and smiling and we will miss her.

You can donate to the Jessica Pabst Memorial Fund online. Donations go to support dear Braxton and Lincoln.

Week 11

The Senate resumed its filibuster - only this time it was relating to banning transgendered athletes from participating in women's sports. Restrictions on transgender athletes would require them to play on a team matching the sex on their birth certificate would apply to grades K - 12, colleges and universities in Missouri. Violating this provision would put state funding at risk for these institutions.

The House was back to amending, debating, voting, perfecting and working the budget. Sports wagering bills HB556 and HB581 passed 118 to 35. This legislation allows sports wagering in Missouri and currently does not include legalizing video lottery terminals (VLT). The bill now moves to the Senate. The VLT topic is certain to be brought up again when HB 556 is debated in the Senate. SB 30 is the Senate version of the sports wagering and will likely hit the floor for debate next week. Expect sparks to fly.

Speaking of Sparks....

House Budget Chairman Cody Smith cut \$56 million for pre-K expansion and \$78 million for childcare childcare subsidies - both priorities of Governor Mike Parson. He also slashed funding for 1-70. Yikes. This will be fun to watch when the budget finally makes it to the Senate.

And, Senator Bill Eigel and Senator Mike Cierpiot exchanged were back at it on the Senate floor this week. Senator Eigel is very mad his personal property tax bill is being held hostage in Rules and Senator Cierpiot just does not care. You can listen to the exchange [here](#).

News you use... Former Senator Bob Onder is testing the waters for a Lieutenant Governor run. LG presides over the Senate. Bob Onder 2.0???

Who doesn't love a tax cut?

Six months after Missouri's Republican-led General Assembly cut income taxes for individual taxpayers, a plan to reduce the rate for businesses is moving along in the House. On Tuesday, HB816 will lower the state's 4% corporate income tax rate to 2% starting in 2024 and the top state income tax rate from 4.95% to 4.5%. The bill passed 109 - 45. The legislation also says starting in 2025, the rate can drop to 1% if state revenue numbers are high enough. This means corporate income tax could potentially be eliminated by 2027. This is a top priority of House Speaker Dean Plocher (R - Town and Country). The fiscal note on this baby is \$1.1 billion.

Floor Debate Notes

Privatizing MO Employers Mutual

The Senate dedicated floor time Wednesday afternoon to debate SB 181 sponsored by Senator Sandy Crawford (R - Buffalo). The bill privatizes MO Employers Mutual Insurance Company. During bill presentation, the sponsor informed committee members that MO Employers Mutual (MEM) was created in 1993, as a public corporation in order to improve workers comp insurance and MEM has served its purpose and has provided stability to the market and is no longer

needed to serve its original purpose and would like to become a private mutual insurance company. During debate, the sponsor offered substitute language to include SB 101, which enacts provisions relating to lender-placed insurance. Once modified, the Senate provided its first of two necessary approval votes.

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Ammunition Sales Tax

The Senate dedicated floor time Wednesday afternoon to revisit SB 131, sponsored by Senator Rick Brattin (R-Harrisonville). The bill allows for firearm and ammunition sales to be state and local tax exempt. During previous debate, the bill was amended to change the title to "tax relief" in order to include several tax credits that pertains to diapers, feminine hygiene products, durable medical devices, and food tax credits. Due to the extremely high fiscal note, the sponsor offered a new substitute to change the title back to "Fire Arms Relief" in order to remove all of the previous amendments. Senator Doug Beck (D-St. Louis) then successfully amended the bill to require all guns and ammo that are eligible for the tax exemption must be made in America. Senator Lincoln Hough (R-Springfield) amended the bill allowing a person applying for a hunting or fishing permit to provide proof of having paid sales taxes to qualify for a free hunting or fishing permit. Once modified, the Senate provided its first of two necessary approval votes.

MoDOT and Highway Patrol Retirement

The House dedicated floor time Wednesday to debate HB 923, sponsored by Representative Barry Hovis (R-Whitewater). The bill modifies terms of active employee members of the Board of Trustees of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System by offsetting board members to two-year staggered terms. There was little debate before the House passed the bill Consent by a 153-0 vote. The bill now will be sent to the Senate for further consideration.

Municipal Green Bonds

The House dedicated floor time Wednesday to debate HB 863, sponsored by Representative Mike O'Donnell (R-St. Louis). The bill establishes requirements for municipal bonds receiving the Green Bond rating in the State of Missouri. Specifically, the bill requires 85% of the funds go into the project or the entity loses their state tax exemption. The bill also includes language to amend the municipal bonds portion of the bill to include language that would allow the State Auditor the discretion to audit these bonds if he or she feels there may be a problem. Additionally, the bill was amended in committee to modify the disclosure language and provide a titling change in order to include language from three other bills. Specifically:

- HB 770, sponsored by Representative Terry Thompson (R-Lexington), prohibits Missouri State agencies from implementing Environment, Social, and Governance (ESG) requirements on Missouri businesses, including farming operations.
- HB 824, sponsored by Representative Michael O'Donnell (R-St Louis), requires financial advisers to disclose any social objective or non-financial objective to clients.
- HB 769, sponsored by Representative Bill Owen (R-Springfield), which seeks to ensure that investment fiduciaries do not consider ESG characteristics in a manner that overrides their fiduciary duties.

During debate, the sponsor received approval to amend the title of the bill. Representative Bill Owen (R-Springfield) successfully amended the bill to remove the provision regarding state agencies adopting policies regarding ESG metrics. After a lengthy debate, the House provided its first of two necessary approval votes.

Private Pensions

The House dedicated floor time Wednesday to debate HB 356, sponsored by Mike McGirl (R-Potosi). The bill increases an individual's income tax adjustments related to private pensions by increasing from \$32,000 to \$40,000 for married filing combined, \$25,000 to \$29,000 for single, and \$16,000 to \$20,000 for married filing single. Additionally, the bill increases the maximum deduction to the first \$12,000 of any retirement allowance received from any privately funded sources before January 1, 2024. During committee discussion, substitute language was adopted to double the adjustment levels for married, single, and married filing single. Representative Don Mayhew (R-Crocker) successfully amended the bill to restore the tax deduction for employee stock option plans. After a brief debate, the House provided the first of two necessary approval votes.

Employee Securities Income Tax Deduction (ESOP)

The Senate dedicated floor time Tuesday afternoon to debate 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 debate, Senator Rusty Black (R-Chillicothe) amended the bill 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. Senator Tony Luetkemeyer (R-Parkville) then amended the bill to freeze the property tax for seniors that are 65 years or older and exempts social security benefits from being taxed. Once modified, the Senate provided its first of two necessary approval votes.

Committee Hearing Notes

State Employee Pay Plan

The House Crime Prevention and Public Safety Committee convened Thursday morning to discuss HB 298, sponsored by Representative Dirk Deaton (R-Noel). Current law requires any change in the state personnel pay plan to be made on a statewide basis. This bill provides an exception to this requirement for the State Highway Patrol. The Missouri State Troopers Association testified in support of the bill. No opposing testimony was presented.

Tidbits

- The House gave first-round approval this week to HB 700 sponsored by Rep. Hardwick (R – Waynesville), a measure that prohibits public schools, political subdivisions, state departments, employers, and others from requiring students and employees to get a Covid vaccine. Missouri's business community widely opposes this legislation and is against the state government telling them how to best run their businesses.
- On Wednesday, Governor Mike Parson announced six appointments to various boards and commissions. **Jonas Arjes** and **Jessica Craig** were appointed to the **Missouri Development Finance Board**; **Margaret Bultas** was appointed to the **Missouri State Board of Nursing**; **Chelley Odle** was appointed to the **Amber Alert System Oversight Committee**; **Tom Oelrichs** was appointed to the **State Milk Board**; and **Lyle Querry** was appointed to the **Jackson County Board of Election Commissioners**.
- Former Senator David Sater has been named to the Coordinating Board for Higher Education (CBHE) as an at-large selection. Governor Mike Parson appointed Sater in January, and it became official Tuesday during a Senate confirmation hearing. Sater replaces Joe Cornelison. Sater, of Cassville, serves as chairman of the Barry County Board for the Developmentally Disabled and director of the Barry County Health Department Board. The CBHE, which has one member from each of Missouri's eight congressional districts and one selected at large, oversees the Missouri Department of Higher Education and Workforce Development (MDHEWD). Board members are appointed to six-year terms.
- On Tuesday, Attorney General Andrew Bailey filed an amended petition in quo warranto against Circuit Attorney Kim Gardner after additional evidence was found. Attorney General Bailey's office has interviewed

multiple witnesses, reviewed court files, and analyzed over 30,000 documents and data from the St. Louis Circuit Court and the Comptroller's Office. The amended filing states Circuit Attorney Gardner has failed in her duty to keep victims informed and updated on cases and failed to honor the constitutional rights of victims to speedy dispositions.

- On Monday, Veeva Systems, a global leader in cloud software for the life sciences industry, announced they are growing their operations in the Kansas City region. The company will create more than 100 high-paying jobs over the next five years across the Midwest in engineering, product, sales, and services. Veeva selected the Lightwell Building in downtown Kansas City for its 10,000-square-foot engineering hub. The new office will have private workspaces for focused work and carefully crafted areas for meetings and social interaction.
- The House dedicated floor time Monday to revisit HB 668, sponsored by Representative Dan Houx (R-Warrensburg). The bill allows the Department of Economic Development to distribute one-time grants with a 10% match to employers for the purpose of enhancing cybersecurity. The bill requires the department to create an online application and requires employers seeking a grant to outline how cybersecurity will be enhanced and how it plans to cover the 10% match. The bill also contains language which states that priority shall be given to any company contracting with the state for the purpose of protecting critical infrastructure. There was little debate, before the House passed the bill by a 111-40 vote. The bill now will be sent to the Senate for further consideration.

Budget Update

This week the Senate Appropriations Committee convened to receive a presentation from Budget Director Dan Haug regarding the FY2023 supplemental budget. Senate committee members had limited questions regarding the supplemental but many expressed frustrations with the delay in receiving the budget from the House. Chairman Lincoln Hough (R-Springfield) was particularly critical and informed committee members to begin speaking with Senate appropriations staff to draft their amendments to the budget.

The bigger focus this week was the House Budget Committee meeting Tuesday afternoon to discuss Chairman Cody Smith's (R-Carthage) proposed committee substitute to the FY2024 budget. The initial substitute changes completely removed the \$78 million recommended by the Governor for child care subsidies, removed the \$48 million dedicated for improvements to I-70, reduced the foundation formula by \$187 million, altered the 7% inflation increase to a performance funding model (the model will not be completed until December of 2023), cut the majority of the IT system projects, cut the utilization increases by almost 25%, removed the \$46 million in enhanced FMAP funding from behavioral health and cut \$44 million for behavioral health community based homes, removed the funding for the local public health agencies incentives programs and removed all state funding from libraries.

The thirty-seven other House Budget Committee members were given one day to have their budget amendments prepared with budget staff. Many committee members expressed frustration with the short timeframe to turnaround their ideas and find ways to amend the budget under the House Rules that require a decreasing amendment must be approved before an increasing amendment may be offered.

At the time of this report, the House Budget Committee is still working through the "mark-up" process. If any amendments are approved of interest to you, we will email you the information separately from this report.

It is expected the full House of Representatives will take up the various budget bills, as amended by the House Budget Committee, for debate and final approval. State Representatives will have an opportunity to offer amendments, but the same decreasing/increasing rules will apply during floor debate as occurred during committee mark-up. Assuming the House of Representatives finishes their work to pass the Fiscal Year 2024 State Operating Budget next week, it will then proceed to the Senate Appropriations Committee with five weeks remaining before the Constitutional deadline to pass a balanced budget arrives on Friday, May 5th.

Hearings

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

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

Key Upcoming Dates

- 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

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