

October 7, 2022

Good afternoon!

The Missouri Senate approved a \$40 million package to create and extend agricultural tax credits this week. With the passage of the proposed income tax cuts last week and the passage of agricultural tax credits, the special session is officially over! No one expected that.

A summary of the ag bill, the Governor's broadband summit and the usual tidbits are included below.

It's a pleasure to work with you and on your behalf in Jefferson City and around the state. Thanks for your time and have a great weekend!

Omnibus Agriculture Tax Credits

The Senate Appropriations Committee convened Monday afternoon to discuss House Bill 3 sponsored by Representative Brad Pollitt (R-Sedalia). The bill extends the tax credit sunset dates to 2028 for several agriculture programs, including meat processing facility investment tax credit, the Agricultural Product Utilization Contributor Tax Credit and the New Generation Cooperative Incentive Tax Credit. The bill also authorizes a five-cent tax credit for each gallon of 15%-85% ethanol blended fuel purchased for retailers and a two-to-five-cent tax credit for each gallon of 5%-20% biodiesel blended fuel purchased for retailers, enhances the family farm livestock loan program, extends the Wood Energy Tax Credit to June 30, 2028, modifies provisions relating to log trucks and weight limitations, and creates the "Specialty Agricultural Crops Act" and the Urban Farms tax credit.

During the bill's progression in the House, substitute language was adopted to include provisions eliminating the Department of Agriculture's oversight of the standards relating to anhydrous ammonia, establishes the Joint Committee on Rural Economic Development, modifies the law relating to land surveyors by clarifying the method used to determine township lines, specifies how the state shall assess soybean producers, aligned the bill language with the Senate companion bill (SB 8) by changing "met" to "claimed" regarding tax standard requirements, and added technical language which clarifies which funds may be utilized for the various tax credits.

The Missouri Soybean Association, Missouri Farm Bureau, Associated Industries of Missouri, Missouri Bankers Association, The Pork Association, Missouri Corn Growers Association, Missouri Cattlemen's Association, Missouri Forest Products Association, Railway Supply Institute, Missouri Agribusiness Association, and Poet LLC supported the bills and informed committee members that the agriculture tax credits are vital to the industry, create economic development opportunities, provide certainty to farmers and banks when loans are being considered, and offers a 3 to 1 investment return to Missouri. There was no opposing testimony presented during the hearing. Immediately after the hearing, the committee went into executive session to consider HB 3. After no discussion, the committee passed the bill by a 10-0 vote.

The Senate dedicated floor time Tuesday morning to debate HB 3. After a brief debate the Senate passed the bill by a 26-3 vote. The bill was sent to the Governor for his signature.

Governor Actions

Governor Mike Parson signed Senate Bills 3 and 5 and House Bill 3 into law during a bill signing ceremony in Jefferson City this week. Both pieces of legislation are a result of the special session Governor Parson called to pass historic income tax cuts and extend key agriculture tax credits for a minimum of six years.

SBs 3 & 5 reduces Missourians' income tax liability by making several changes to income tax laws in the state of Missouri, including:

- Reducing the top individual income tax rate from 5.2 to 4.95 percent, resulting in the majority of taxpaying Missourians seeing an approximately five percent decrease in their tax liability;
- Eliminating the bottom income tax bracket, allowing Missourians to earn their first \$1000 tax free;
- Allowing an additional .15 percent top income tax rate reduction to 4.8 percent when net general revenues increase by \$175 million;
- Eliminating income taxes for individuals making less than \$13,000 a year and couples making less than \$26,000; and
- Allowing three additional .1 percent top income tax rate reductions in future years when net general revenue increases by \$200 million, adjusted for inflation.

Governor Parson also signed HB 3 into law, which includes the extension and creation of several agriculture tax credit programs, highlighted above. The sunset for each program is for a minimum of six years. Both bills will become effective starting January 2023.

Broadband Summit

The Department of Economic Development hosted a Broadband Summit in Jefferson City Tuesday afternoon to discuss the topic of "Connecting All Missourians" and focused on the issues facing Missouri regarding broadband connectivity. Additionally, the Department updated attendees on the broadband application process, and informed attendees of future funding which may become available.

During the summit, Amy VanDeVelde, a program officer with the National Telecommunications and Information Administration (NTIA) provided a brief presentation on when and how federal funding would become available and the timeline for Missouri to submit their plan to comply with the Digital Equity Act.

The summit also included background information on the Digital Equity Act and the current challenges Missouri faces in compliance. Some of the challenges that were highlighted include digital outreach methods for education and it was stated they are not available for those without reliable broadband. Additionally, the amount of funding needed to close the gaps is \$1.7 to \$2 billion, and currently the initial availability is only \$265 million. Lastly, it was stated there are only a few companies with a proven track record of digital equity, as it is a fairly new concept.

Governor Mike Parson also provided a brief speech regarding Missouri's plans to move reliable and effective broadband forward and asked all stakeholders to help the Office of Broadband with the logistics of broadband deployment. It was also announced the Office of Broadband staff will be visiting all nineteen Regional Planning Commissions throughout the state to ensure they

receive input from every area of the state beginning October 19th and continuing until the end of November.

The summit concluded with a brief question and answer session from attendees. The questions mostly came from providers who questioned what the state's plans were to address the labor shortage, as many providers will be using the same subcontractors and Missouri is not the only state trying to deploy broadband. It was noted employers and universities are partnering together to utilize the FAST Track program to ensure a properly trained workforce. Additionally, attendees questioned how the legislature is going to assist with right-of-way easements and pole attachments. Representative Louis Riggs (R-Hannibal) stated the legislature stood ready to help ensure broadband deployment will be done quickly and efficiently.

Tidbits

- On Tuesday, the head of the U.S. Small Business Administration announced over \$5.4 million in funding to 44 awardees through the Federal and State Technology (FAST) Partnership Program. FAST provides small businesses and startups, particularly those in underserved communities, with specialized training, mentoring, and technical assistance for research and development. Grant selectees qualify for award amounts of up to \$125,000 each. This year's expansion of the FAST program created 12 additional awards and expands the program's footprint to 43 states and one U.S. territory.
- This week the Missouri Supreme Court reversed Cole County Circuit Judge Jon Beetem's order on at-will employment for state workers. Cole County Circuit Judge Jon Beetem ruled last year that contracts remained in force until they were renegotiated. In his ruling, he stated the state's public employee labor policies were enacted in 1965 and worked with the state's 1945 Civil Service Law to create those bargaining terms. A 2018 state law, SB 1007, removed protections including grievance procedures to protest disciplinary actions and requirements that the state have good cause for termination for most state employees. A suit to challenge the law was filed by three state employee labor unions that each have contracts requiring merit-system protections for their covered employees. The Supreme Court's unanimous decision, written by Judge W. Brent Powell, found the state's mandate did not impact collective bargaining, mandate at-will employment or violate the state constitution. The decision states the law mandated that most state employees would be employed at-will, prohibited the state from bargaining with unions over issues that would impact at-will status for non-merit employees, and did not go against the Missouri Constitution's collective bargaining language.
- The Department of Economic Development (DED) has posted the final guidelines for its Local Tourism Asset Development Grant Program. The program is funded via the State of Missouri's share of the American Rescue Plan Act (ARPA). This program will invest \$30 million to support the recovery of the tourism industry from the impact of COVID-19 through the development of high priority local tourism assets throughout the state. The final guidelines are now available [here](#).

Upcoming Hearings

High five! There are no upcoming hearings at this time.

Key Upcoming Dates

- November 8, 2022 – Missouri General Election
- November 15-17 – Senate Republican Campaign Committee Summer Caucus
- December 1, 2022 – First day of pre-bill filing for the 2023 legislative session
- January 4, 2023 – First day of MO Legislative Session

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