

September 30, 2022

Week two of special session is behind us. The Senate and House approved Governor Parson's request for an income tax cut. One item remains on the agenda - agriculture tax credits. This political theatre should go down next week.

We will keep you updated on the gossip and expectations as it comes in and we confirm it. Thanks for your time and have a great weekend!

Legislative Activity this Week

On Thursday, the House Truly Agreed and Finally Passed Senate Bill 3 sponsored by Senator Lincoln Hough (R - Springfield). This was the official vehicle to reduce individual income taxes as part of the Governor's special session call. Below is a general summary of what the legislation is expected to do.

- The bill repeals legislation passed in 2014 that provided for reductions to the top rate of income tax to an eventual rate of 4.8% over a period of years;
- Immediately places the income tax rate at 4.95% in calendar year 2023 with the next reduction being triggered at a budget surplus of \$175 million. This will supersede the reduction to 5.2% that is already scheduled to take place;
- Includes an additional potential 0.15% reduction in the top rate of tax;
- Creates three additional .1% triggers, eventually bringing the rate to 4.5%;
- Requires the amount of net general revenue collected to reduce the top rate of tax from 4.8% to 4.5% to be adjusted annually by the percent increase in inflation;
- Eliminates the bottom tax rate bracket (\$14,500);
- Exempts the first \$1,000 of income from taxation instead of the current \$100 exemption;
- Requires a five year look back on general revenue to provide an additional guardrail.

During the House floor debate, Representative Cody Smith (R - Carthage) successfully amended the bill to strip the House Committee Substitute which included numerous new provisions that surpassed the Governor's special session call. Once the House Committee Substitute was removed, it took the bill back to the original Senate version and once modified, the House passed the bill by an 118 - 6 vote, but failed to adopt the emergency clause. The bill now will be sent to the Governor for final consideration.

Tidbits...

On Tuesday, Missouri received approval to receive \$35.7 million to add more electric vehicle charging ports along highways in the state. The funding is part of Missouri's Electric Vehicle Infrastructure Deployment Plan, which was also approved on Tuesday, under the National Electric Vehicle Infrastructure Plan (NEVI). The plan aims to place charging ports across 1,184 miles of designated corridors in Missouri and will expand the current network of around 2,147 charging ports.

The Department of Economic Development, Office of Broadband Development, will be hosting a first-of-its-kind "Connecting All Missourians" broadband summit next Tuesday October 4th. Director BJ Tanksley will help lead the summit and will be joined by Governor Mike Parson

and other state officials. Tanksley said the summit is the start of a statewide listening tour for broadband to “shape the creation of a five-year infrastructure plan and Missouri’s Digital Equity Plan.” You can register for the summit [here](#).

Upcoming Hearings

10/3/2022 @3:00pm - Senate Appropriations – SCR 2

HCS HB 3 – Representative Brad Pollitt
Modifies various provisions governing agricultural economic opportunities
<i>10/4/2022 @9:45am – Governmental Accountability and Fiscal Oversight – Senate Lounge</i>

HCS HB 3 – Representative Brad Pollitt
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10/4/2022 @1:00pm – Joint Committee on Agriculture – Joint Committee Room 117

The committee will focus on the economic impact of Missouri’s agriculture on the state, environmental stewardship, and policy considerations with testimony/presentations from various Missouri agricultural teams.

Key Upcoming Dates:

- October 1, 2022 – Departments must submit proposed budgets for FY 2024
- 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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