

April 14, 2022

Week 14 is in the books. Please don't forget - Monday is Easter Holiday for the legislature and there is no session. But, that likely does not mean a short week. Due to the race to get the FY23 budget done in time of the Constitutional deadline on May 6, the Senate plans to work next Friday.

We have four weeks ago. It's fair to say anything can happen. Politcos expect the conflict between the House and Senate and general conflict in the Senate to continue once we get the full picture of the Senate's version of the budget.

Some housekeeping - Weekly reports will come to a close on April 28. As bills begin to get loaded up, transfer chambers and with time running out, we will begin updating you in real time with anything impacting you directly.

You will receive our final legislative report for the 2022 regular session the week of May 16. Only one bill has hit the Governor's desk at this time.

Your weekly floor and committee notes, a budget update and the tidbits are below. Please don't hesitate to lean on us during this final stretch. Thanks for your time and have a great weekend!

Your Committee and Floor Notes

Employment Security

The House dedicated floor time Thursday afternoon to revisit HB 1860, sponsored by Representative J. Eggleston (R-Maysville). The bill is the House companion to SB 665, sponsored by Senator Mike Bernskoetter (R-Jefferson City), and ties the maximum amount of time people are eligible to collect unemployment benefits to the state's unemployment rate. According to the language, an additional week is added for each 0.5 percentage point that the unemployment rate rises above 5.5 percent, up to a maximum of 20 weeks if the unemployment rate goes above nine percent. After no debate, the House passed the bill by a 94-41 vote. The bill now will be sent to the Senate for further consideration.

State Employee Pay Period

The Senate dedicated floor time Wednesday morning to debate SB 997, sponsored by Senator Mike Bernskoetter (R-Jefferson City). Current law requires the salaries of all elective and appointive officers and employees of the state to be paid out in semi-monthly or monthly installments. The bill allows salaries to additionally be paid out in biweekly installments. During debate, the sponsor offered substitute language to modify the title of the bill to "MO Office of Administration" in order to include numerous provisions relating to the operations of the Office of Administration, procurement and expenditure procedures, and provisions relating to land conveyance. This led to multiple Senator's attempting to further amend the bill to include provisions relating to

COVID vaccine mandates. Senator Greg Razer (D-Kansas City) then attempted to amend the bill prohibiting the Office of Administration from discriminating against or terminating an employee based on sexual orientation or gender identity. After considerable debate, the sponsor withdrew his substitute and removed all the proposed changes, limiting the bill just to state employee pay periods. The sponsor then modified the definition of bi-weekly as “once, every two weeks” in order to clarify the original intent of the bill and after no further debate, the Senate provided its first of two necessary approval votes.

SJR 41-Roberts and Mosley

Authorizes a freeze on property tax assessments for senior citizens. The Senate dedicated floor time Wednesday afternoon to debate SJR 41, sponsored by Senator Steven Roberts (D-St. Louis). Upon voter approval and approval by the governing body of the county or city not within a county through an ordinance, the resolution would exempt taxpayers 65 years of age or older and meet certain criteria from increases in their residential property taxes. During debate, the sponsor offered substitute language to update the title of the bill. Once modified, the Senate provided its first of two necessary approval votes.

Professional Employer Organizations (PEOs)

The Senate Insurance and Banking Committee met Tuesday afternoon to discuss HB 2400, sponsored by Representative Dan Houx (R-Warrensburg). The bill is the House companion to SB 904, sponsored by Senator Denny Hoskins (R-Warrensburg) and provides that both a client and a registered professional employer organization (PEO) shall each be deemed an employer for purposes of sponsoring retirement and welfare benefits plans for covered employees. ADP Incorporated, and National Association of Professional Employer Organizations supported the bill. No opposing testimony was presented.

Closing a Loophole

The Senate Health and Pension Committee convened Wednesday morning to consider passage of SB 712, sponsored by Senator Greg Razer (D-Kansas City). Currently, a PSRS or PEERS member with 25 or more years of creditable service, or who is at least age 55 with five or more years of creditable service, may elect to receive the actuarial equivalent of the member's retirement allowance in reduced monthly payments for life during retirement. The bill allows a member who elected to receive reduced monthly payments on or before September 1, 2015, with his or her same-sex domestic partner as the nominated beneficiary, to have the retirement allowance increased to the amount he or she would have received if he or she had not elected to receive reduced payments should the retiree attain a court order or the nominated beneficiary consent to their removal in writing. After no discussion, the committee passed the bill by a 6-0 vote.

Personal Property Tax Phase Out

During debate on a joint resolution on the floor this week pertaining to property tax assessment caps, Senator Bill Eigel (R – St. Charles) offered an amendment that would phase out personal property tax in Missouri if approved by voters. After lengthy debate on the amendment, the measure failed to be adopted by a vote of 11 yes to 17 nos. Capitol observers suspect Sen. Eigel to continue to try to amend this legislation and various versions of it onto other bills during the next 4 weeks of session.

One-time Tax Credit Proposed

The House Budget Committee Chairman, Representative Smith (R – Carthage) filed a new budget bill this week, HB 3021. On Wednesday, the bill was heard by the House Budget Committee. The legislation would create a one-time economic recovery non-refundable tax credit for Missouri residents who paid personal income tax in the State of Missouri for 2021. The sponsor of the tax credit explained the proposal is a response to the state's excess revenue and a path for giving some of the funding back to Missouri residents.

The House Republican Majority has publicly stated their support for the measure. However, when Governor Parson was asked about the proposal by the press on Wednesday, he responded that he was not in favor of utilizing the funding in the manner of tax credits to citizens. He suggested continuing to support the state's infrastructure and services would be a better use of the dollars to continue improving the state.

At the end of the hearing, the sponsor Rep. Smith noted that he has no intention of moving the bill out of the House of Representatives until they have an estimation of the potential cost. The Department of Revenue is working on that data currently.

Tidbits...

- A former researcher at the Missouri House of Representatives who said he was discriminated against when he was fired in 2017 was awarded more than \$2 million by a jury this week. In a lawsuit filed shortly after his firing, Eric Qualls alleged that his supervisors in the chamber failed to properly accommodate for his medical disability and that he was fired after he said he would report them to the Missouri Human Rights Commission. After overnight deliberations, a Cole County Circuit Court jury ruled in favor of Qualls, awarding him \$2.02 million total in damages for discriminatory practices, disability discrimination and retaliation by the state and Adam Crumbliss, who was the chief clerk of the House at the time. Adam Crumbliss is now deputy director of the Missouri Department of Social Services.
- On June 30th, motorists who have been saving their fuel receipts will be able to submit them to the Department of Revenue for a rebate. The Department of Revenue plans to have the form available in May and offer an electronic submission for the rebate by June. A claim must contain a vehicle identification number, date of fuel sale, name and address of fuel buyer, name and address of

fuel seller, number of gallons purchased and, separately, the number of gallons purchased and charged Missouri fuel tax.

- On Tuesday, the State Attorney General and the Moberly School District reached an agreement on a lawsuit regarding the district's alleged violation of the Missouri Sunshine Law. Attorney General Eric Schmitt filed suit against the district, alleging it violated the state's open records law by charging "excessive fees." According to the attorney general's office, the district asked for \$2,145.60 to grant the state access to documents and communication about its policy for recording Individualized Education Plan and 504 plan meetings. Under the resolution, signed April 1, the district must: adopt a new recording policy that permits parents to record IEP and 504 plan meetings without requesting to do so in advance; register for and participate in mandatory training on the Sunshine Law; and implement a system that tracks and monitors public records requests.

Budget Update

The House Budget Committee met Monday afternoon to consider presentations presented by the Office of Administration, regarding the FY 2023 Maintenance, Capital Improvements, and the re-authorization of ongoing debt, which are included in HB's 3017, 3018, and 3019. The hearing lasted less than thirty minutes as there were minimal questions by the committee. Chairman Cody Smith stated he wanted all amendments and changes to the bill to be completed by the end of the day Thursday. It is expected these bills will be considered for passage early next week.

The committee also convened Wednesday afternoon to discuss HB 3021, sponsored by Representative Cody Smith (R-Carthage). This bill gives \$500 in the case of individuals filing an individual Missouri income tax return, or \$1,000 in the case of married couples filing a combined Missouri individual income tax return. This would amount to \$1 billion in GR spending of \$1.8 billion remaining in GR from the FY2023 budget. Chairman Smith stated this will be an ongoing discussion within the committee going forward. The Department of Revenue gave informational testimony regarding the technical aspects of how the tax credit would be applied and who could possibly qualify for the credit. The Missouri Budget Project, Empower Missouri, and AARP gave opposing testimony. Chairman Smith had intended to vote the bill out on Thursday but ultimately cancelled that hearing until more information regarding the final cost and how to implement the program was received by the committee.

The Senate Appropriations Committee convened Thursday morning to complete the committee mark-up process on HB 3015, sponsored by Representative Cody Smith (R-Carthage) which is the FY 2022 second supplemental bill. The main changes from the House position are as follows:

- Removed the Governor's Amendment for \$20 million for Close the Gap Grants;
- Removed the \$5 million in federal funds for Transit Grants for Rural Areas;
- Reduced the PDMP funding from \$108,030 to \$54,288 and switched the funding from other funding to GR;

- Removed the IT and Equipment replacement for the Elm St. building which was lost in a fire in November as no plan is in place yet to rebuild;
- Removed over \$3.2 million in ARPA funding from the Rock Island Trail project;
- Removed \$3 million in ARPA funding for a statewide tourism plan (this will be included into the FY2023 budget);
- Placed all the ARPA public health grants into one lump sum rather than designate specific projects and reduced the amount by \$4.5 million (this reduction better reflects updated numbers); and,
- Added a late Governor's amendment for roughly \$1.8 million for price increases in janitorial, security services, fuel, utilities, and shipping at state owned facilities and state institutional facilities.

The hearing lasted less than twenty minutes before the committee passed the bill with a 9-0 vote. The bill now moves to the Senate floor for debate.

Mark-up on the FY 2023 budget will begin at 10:00am on Tuesday of next week.

Key Upcoming Dates

- May 6, 2022 – State Budget finalized per Missouri Constitution
- May 13, 2022 – Last day of the 2022 Legislative Session per Missouri Constitution
- July 1, 2022 – First day of Fiscal Year 2023
- July 14, 2022 – Last day for the Governor to Sign or Veto Bills
- August 28, 2022 – Date Most Legislation Takes Effect (unless another date is specified)
- September 14, 2022 – Veto Session

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