

July 1, 2022

This was a busy week with respect to the 'interim'. A summary of the week, the bills signed and vetoed by the Governor and a recap of his call for a special session is below.

Please let me know if you have any questions or concerns. We will be checking with you towards the middle of next month.

Thanks and have a great Fourth of July! It's a pleasure to work with you!

### **Press Conference Recap**

The Governor held a press conference Friday afternoon to announce the veto of SB 724, HB 1667, HB 2090, and HB 1720. If signed into law SB 724 would have modified several provisions relating to county financial statements and HB 1667 would have created new provisions relating to the sale of kratom products. The full legislative body will have an opportunity to override the Governor's veto of both bills during the scheduled September 14 veto session.

### **A full list of budget vetoes is attached.**

In response to his vetoes of HB 2090 and HB 1720, Governor Parson stated during his press conference that he is currently working with legislative leaders and is planning a special session to pass permanent tax relief for all Missouri taxpayers and to extend the sunsets on key agricultural tax credit programs.

Once a date is selected, additional details and proposed bill language will be released.

For those who had tax liability in 2021, HB 2090 authorized a one-time \$500 tax rebate for individuals making less than \$150,000 per year and \$1,000 rebates for joint filers making less than \$300,000 per year. Since the rebates on tax liability would be prorated due to the program being underfunded, no taxpayer would receive the advertised maximum rebate.

According to the Governor, many working Missourians, including low-income earners, high-income earners, and vulnerable populations, were left out of this temporary relief measure entirely and would not have seen any tax relief if HB 2090 was signed into law. During the press conference, the Governor proposed a new tax relief plan for all taxpaying Missourians and recommended that the top income tax rate should be reduced for everyone and proposed that the first \$16,000 of earned income for single filers and \$32,000 for joint filers should be tax free.

If signed by the Governor, HB 1720 would have established several new agricultural tax credit programs and re-authorized existing ones, however, the sunsets on the tax credits were only extended for two years. During the press conference, the Governor stated the General Assembly authorized longer sunsets for several other tax credit programs and the two-year sunset extensions for the agriculture industry were problematic and reduced the benefits to Missouri farmers and small business owners.

Governor Parson's special session plan for agriculture tax credits and related priorities includes extending the sunset on agriculture tax credits included in HB 1720 for a minimum of six years rather than two, exempting certain agricultural equipment from state and local sales tax, and modifying the Family Farms Act to increase the number of small farmers that qualify for the program, and increasing the amount of loans available to the farmer.

### **Additionally, throughout the week, the Governor dedicated time to signing twenty-one policy bills into law, highlighted below.**

#### **SB 678 – Modifies provisions relating to funding for the Kansas City Police Department**

Under current law, the City of Kansas City is required to provide at least 20 percent of its general revenue per fiscal year to the Kansas City Board of Police. SB 678 increases the required annual funding to the Board for the Kansas City Police Department to 25 percent of the City's general revenue funds per fiscal year.

**HB 1878 - Modifies provisions regarding election law:**

Requires all registered voters in Missouri to provide a photo ID to vote and repeals the use of mail-in ballots while allowing certain absentee ballots, strengthening the integrity of each citizen's vote.

Additionally, HB 1878 makes several other modifications to state statute:

- Clarifies when voter rolls can be audited by the Secretary of State;
- Allows no excuse absentee voting in person at the local election authority starting two weeks prior to the election;
- Prohibits the use of ballot drop boxes for absentee ballots;
- Makes the paper ballot the official ballot and prohibits the use of electronic vote counting machines after January 1, 2024;
- Prevents local election authorities from accepting private donations, with limited exceptions;
- Requires all electronic voting machines to be "air gapped" or not directly connected to the internet; and
- Adds several other provisions related to elections.

**SB 745 - Modifies provisions relating to public utilities:**

- Protects the personal information of municipal utility customers from disclosure under the Sunshine Law;
- Expands certain utilities' ability to apply to the Public Service Commissions for a one-time rate adjustment for rate variations caused by weather, conservation, or both outside of a general rate proceeding;
- Creates a legislative task force to review proper taxation on solar energy systems; and
- Establishes two discount rate options for new, large electric customers that project certain electric loads over 5- and 10-year periods.

**SB 820 - Modifies provisions relating to utilities:**

- Exempts solar energy systems that are purchased and installed by a solar energy company from sales tax;
- Establishes the Office of Broadband Development in state law, including criteria and deliverables for the broadband grant program; and
- Prohibits deeds, covenants, or other binding agreements that limit or prohibit property owners from installing solar panels on their rooftops.

**HB 1606 - Changes the law regarding political subdivisions:**

- Increases transparency and reduces administrative burdens on various taxing districts;
- Requires deeds to include the marital status of all grantors to prevent titling discrepancies and land title defects; and
- Conveys several state properties.

**HB 1552 - Modifies provisions relating to funding for charter schools and requirements for virtual education:**

- Makes changes to charter school funding;
- Modifies requirements on charter school board member qualifications, annual performance report publications, and lactation accommodations; and
- Amends the state's Virtual School Program.

**HB 2116 - Creates visitation standards for hospitals, nursing homes, and hospice facilities:**

Allows a resident or patient in a health care facility in-person contact with a compassionate care visitor during visiting hours.

**SB 710 - Modifies provisions related to health care:**

- Requires school nurses to have individualized health care plans in place to respond to students with epilepsy and other seizure disorders. It also requires school nurses to complete seizure-response training every two years;
- Allows contracted agents of a school to be trained by the school nurse and administer epinephrine during times of need; and
- Establishes various awareness weeks and days.

**HB 2331 - Repeals various provisions relating to health and licensing requirements:**

- Modifies provisions relating to health care facility inspections and surveys; and
- Makes changes to the Organ Donor Program to increase education and awareness efforts and enable fund diversification to ensure the program's long-term sustainability.

**HB 2168 - Modifies provisions relating to insurance:**

- Adds an automation adjustment to unemployment taxes, along with an equal tax offset, to fund software maintenance for the State's unemployment insurance system; and
- Expands the use of medical retainer agreements to include dentists and chiropractors.

**HB 1662 - Changes statute regarding restrictive covenants and deeds:**

- Requires the removal of antiquated references to race, color, religion, or national origin from any deed when being recorded after August 28, 2022.

**SB 758 - Modifies provisions relating to bidding procedures for certain public projects and facilities:**

- Allows the Office of Administration to utilize the Construction Manager at Risk and Design-Build procurement models for public projects, potentially decreasing cost and increasing efficiency.

**SB 886 - Modifies provisions relating to trusts and cemetery trust funds.**

**SB 672 - Modifies provisions related to workforce development:**

- Extends the sunset on the Fast Track program;
- Creates the Joint Committee on Rural Economic Development; and
- Creates Targeted Industrial Manufacturing Enhancement Zones to help incentivize economic development in landlocked communities.

**HB 2400 - Modifies provisions related to business entities:**

- Allows taxpayers to remove state and local taxes they have paid from the calculation of their federal tax liability, aligning Missouri tax law with the changes that were made in the federal Tax Cuts and Jobs Act;
- Makes changes to the Missouri One Start Program to help further attract and retain businesses in Missouri;
- Expands opportunities for retirement and benefit plan options through registered professional employer organizations; and
- Reauthorizes and revises a tax credit program to incentivize research and development by Missouri businesses.

**SB 775 - Makes changes to judicial proceedings:**

- Protects the identity of victims of sexual assault and domestic violence in court proceedings and records;
- Modifies the Sexual Assault Survivor's Bill of Rights; and
- Strengthens protections against sexual exploitation of minors.

**SB 683 - Modifies provisions relating to childcare:**

- Exempts certain day camps and summer camps for school age children from childcare licensing requirements;
- Expands child care licensing capacity for licensed family child care homes; and
- Creates a new prison nursery program that will allow eligible pregnant offenders to keep their baby with them for up to 18 months while in custody.

**SB 681 - Modifies provisions relating to education:**

- Allows schools to apply a waiver of certain statutory requirements for the purpose of improving student post-secondary readiness, increasing teacher pay, or improving teacher recruitment and professional development;
- Modifies the Career Ladder program by increasing state funding and enabling newer teachers to qualify in an effort to help with teacher retention efforts;
- Expands opportunities for substitute teacher certification;
- Creates a reading intervention program to ensure students do not fall behind on reading skills in elementary school;
- Requires schools to post suicide lifeline information on student ID cards for students in grades seven through twelve; and
- Creates the Imaginary Library Program, which provides families with books to children up to age five.

**HB 2485 - Enacts provisions relating to environmental regulations**

- Specifies that an advanced recycling facility, is not subject to the solid waste processing facility operating permit requirements and no permit is required for the use of advanced recycling at an advanced recycling facility;
- Specifies that processed recycled asphalt shingles may be used for fill, reclamation, and other beneficial purposes without any permits relating to solid waste management or any permits relating to the Missouri Clean Water Law;

- The Hazardous Waste Management Commission shall not promulgate rules that are stricter than, apply prior to, or apply mandatory obligations outside of the requirements of regulations promulgated pursuant to the Resource Conservation and Recovery Act;
- Specifies that in instances where the Department of Natural Resources has authority to issue penalties and determines that a penalty should be levied, the Department is required to provide information to the alleged violator in order for the alleged violator to understand the basis for the penalty.

**HB 1738 - Modifies the name of a current memorial highway designation to add the honoree's law enforcement rank**

**HB 2627 - Designates several state holidays**

**Budget Update:**

Late Thursday afternoon, Governor Mike Parson signed the FY2023 state operating budget bills. The budget includes historic investments in infrastructure, workforce education systems, public safety resources, broadband deployment, and telehealth access. The Missouri FY2023 operating budget is approximately \$47.5 billion, with \$12.5 billion in general revenue. Governor Parson also issued 32 line-item vetoes, totaling nearly \$644 million. The biggest of these was his veto of the \$500 million tax rebate, crafted in the final weeks of the legislative session using federal COVID-19 relief funds.

The tax rebate plan, which many Capitol insiders dubbed as “Cody Cash”, was sponsored by House Budget Committee Chairman Cody Smith and would have provided up to a \$500 rebate for single Missouri taxpayers and \$1,000 for married couples. In addition to the tax rebate funding, the second-largest item vetoed by the Governor was \$83 million for a new Missouri State Highway Patrol academy building that he did not recommend.

On Friday, the Governor also announced that updates are now available on the State’s American Rescue Plan Act (ARPA) [website](#), which originally went live in mid-May. The updates include the addition of several new grant programs that were signed into law by Governor Parson on June 30, as well as a detailed overview of all planned uses of ARPA State Fiscal Recovery Funds. Several additional grant programs anticipate accepting applications in the coming weeks, including grants for agriculture innovation and workforce development, private MoExcels projects, workforce training, and broadband infrastructure. The remaining grant programs will begin accepting applications over the next couple of months.

With the Governor’s signing of HB 3020, five new grant programs that were added by the General Assembly have also been added to the website, including: \$25 million in grants to port authorities, \$1million in grants to local county law enforcement and county prosecutors, \$50,000 in grants to innovative projects to promote agriculture in urban/suburban communities, \$4 million in Missouri Agricultural and Small Business Development Authority biofuel grants, and county jail improvement grants (\$10M).

Additional information on these grant programs, including application timeframes, will be added to the website in the coming weeks as program details are developed.

**Statistical Breakdown:**

Total number of bills, concurrent resolutions, and joint resolutions proposed: 2,252

\* Senate: 657

\* House: 1,595

Total number of bills passed: 62

\* Senate: 18

\* House: 44 (19 of these bills are Appropriation Bills)

Total number of bills signed by the Governor to date: 43

\* 25 policy bills and 18 appropriation and supplemental appropriation bills

Total number of bills vetoed by the Governor: 4

### **In The News:**

- On Tuesday, a federal trial jury convicted Missouri state Representative Tricia Derges of multiple fraud charges. Specifically, the jury found Derges guilty of illegally receiving \$900,000 in federal COVID-19 funds for services that were not performed or for a clinic that was closed during the pandemic. Derges was also convicted of seven counts of wire fraud for marketing amniotic fluid as a COVID-19 treatment by claiming that she was giving patients stem cell treatments. The fake stem cell scheme lasted from December 2018 to May 2020, according to the U.S. Attorney's Office.
- This week, Volkswagen AG agreed to sell a minority state in its U.S. electric-vehicle charging business to Siemens AG, in a transaction that provides \$450 million in new money and values the charging network at \$2.45 billion. Bringing Siemens into Volkswagen's Electrify America LLC generates additional funding to drive an expansion of EV charging that aims to more than double the number of charging stations that Electrify America operates across the U.S. and parts of Canada to 1,800 by 2026.

### **In Committee This Week:**

The Senate Interim Committee on Illegal Immigration convened Wednesday morning to consider public testimony regarding issues on illegal immigration. During the committee hearing, Chairman Justin Brown (R-Rolla) stated the committee is charged with gathering information regarding illegal immigrants who are brought to the state illegally and the businesses who are breaking state labor laws. He also noted the goal of the committee is to determine how to help the Department of Labor and Industrial Relations develop tools and policies to combat illegal immigrant workers.

The committee then dedicated time to consider public testimony from the following: Representative Jim Murphy (R-St. Louis), Gozeman Contracting, Federation for Americans for Immigration Reform, and International Institute of St. Louis. Those testifying stated illegal immigrants are importing drugs and opioids into Missouri, human trafficking workers for slave labor, and stealing jobs from legal citizens. He stated a registry of illegal immigrants in Missouri would help track people in Missouri and businesses who need the workers would ultimately be held responsible for those workers. He concluded by saying any business who hires illegal immigrants should face bigger fines, suspension or loss of their business license, or face criminal penalties. It was also stated that businesses using illegal immigrants for construction projects are creating an unfair competitive advantage for those following labor laws and those paying unemployment and worker's compensation insurance. The Missouri Department of Labor and Industrial Relations (DOLIR) stated they have no authority when it comes to illegal immigration. Any information regarding illegal immigrant reports is referred to the US Department of Homeland Security and/or ICE. The only authority DOLIR currently has is to investigate classification of employees.

The next meeting has been set for Wednesday July 20<sup>th</sup> but, at the time of this report, no time has been set.

### **Upcoming Committee Hearings:**

There are no upcoming committee hearings at this time.

### **Key Upcoming Dates:**

- 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

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Brittany Robbins  
Strategic Capitol Consulting (SCC)  
Government Affairs, Communications, Operations  
314-712-8646  
[brittany@strategiclobby.com](mailto:brittany@strategiclobby.com)  
[www.strategiclobby.com](http://www.strategiclobby.com)

