



**January 20, 2023**

The third week of the 2023 Missouri Legislative session is complete! Although this week was abbreviated due to the Martin Luther King Jr. Holiday, it was busy. The House finalized its hearing schedules and committee assignments, Senate committee hearings commenced, Vivek Malek was sworn in as Missouri's 48<sup>th</sup> State Treasurer, and Governor Mike Parson provided his annual State of the State Address and released his recommended budget proposal with several items of great interest to and support from the KC Chamber including education and Pre-K funding, investment in childcare, and expansion of I-70. The KC Chamber is watching several pieces of legislation including SB119/HB640 to lift the cap on the KC Police Chief salary, HB118/SB18 to raise the Free and Reduced Lunch threshold from 4% to 10% to allow public schools to receive increased state aid for PreK, SB347/HB352 to streamline opportunities for justice-involved individuals to get training and secure jobs after leaving prison contributing to significant reduction in recidivism.

### **In Brief**

- Vivek Malek was sworn in as the 48<sup>th</sup> Missouri State Treasurer Tuesday. The ceremony took place in the House Chamber where he pledged a fiscally conservative approach to protecting tax dollars, providing opportunities for growth, and promoting success for all Missourians. Treasurer Malek, 45, of Wildwood, is the first person of Indian descent and the first person of color to hold statewide office in Missouri. He was appointed on December 20, 2022 by Governor Mike Parson to succeed Scott Fitzpatrick, who was elected as Missouri State Auditor during the November 2022 General Election.
- URBN, a multinational lifestyle retail corporation, announced Tuesday that it will establish a new fulfillment center for its clothing retail brand Nuuly in Raymore, investing up to \$60 million and creating 750 new jobs. The company plans to locate the new 604,000-square-foot facility at the Raymore Commerce Center, pending local approval. For this expansion, URBN will benefit from the Missouri Works program, a tool that helps companies expand and retain workers by providing access to capital through withholdings or tax credits for job creation.
- This week, the US Supreme Court turned away a Missouri appeal that sought to ensure states can cut taxes even as they receive \$195 billion in federal pandemic-relief money. Missouri is among several other states that have sued after President Joe Biden signed the \$1.9 trillion measure into law in March 2021. The law includes a provision that says a state can't use the money "to either directly or indirectly offset a reduction in the net tax revenue of such state."
- On Thursday, Governor Mike Parson signed Executive Order 23-01 to establish a Master Plan on Aging to help reduce age and disability discrimination, eliminate barriers to safe and health aging, and help Missourians to age with dignity. The Executive Order calls on the Department of Health and Senior Services (DHSS), with the assistance of a new Advisory Council to develop a Master Plan on Aging for the State of Missouri that addresses the needs and health outcomes for older adults and individuals with disabilities. DHSS is tasked with finalizing the Master Plan on Aging by December 31, 2025.

### **State of the State Address**

On Wednesday, Governor Mike Parson delivered his 2023 State of the State Address to the full General Assembly. He began the speech by highlighting last year's special session that extended agricultural tax credits and resulted

in one of the state's largest income tax cuts. The Governor also focused on the progress state government has made in infrastructure, workforce and education, mental health and health, government reform, and public safety. The Governor also outlined his budget priorities in the following categories:

#### Infrastructure:

- \$250 million to continue broadband expansion efforts
- \$35 million to update railway crossings
- A planned \$859 million investment to widen and rebuild the I-70 corridor from St. Louis to Warrenton, Kansas City to Odessa, and extending both east and west from Columbia

#### Workforce Development and Education:

- Adding \$117 million to fully fund the school foundation formula
- \$233 million for school transportation needs
- \$32 million to expand the Career Ladder Program
- A continuation of the Teacher Baseline Salary Program, which raised teacher pay from \$25,000 to \$38,000 per year
- \$6 million to expand pre-kindergarten options to all four-year-old children eligible for free and reduced priced lunch at no cost
- \$78 million to increase child care subsidy rates and establish three new child care tax credit programs:
  - Child Care Contribution Tax Credit: Encourages contributions to child care providers to improve and expand facilities and services
  - Employer-Provided Child Care Assistance Tax Credit: Benefits employers who offer child care assistance to their employees
  - Child Care Provider Tax Credit: Assists child care providers with payroll costs and incentivizes capital improvements to child care facilities
- \$272.4 million for transformational capital improvement projects at Missouri's public higher education institutions
- \$71 million (7%) increase in core funding to Missouri's public higher education institutions (the highest increase in 25 years)
- \$38 million for MoExcels workforce development projects on college campuses
- \$3 million for Apprenticeship Missouri
- \$2.2 million to modernize Missouri's 27 job centers
- \$800,000 for the Fast Track program
- \$500,000 for Jobs for America's Graduates

#### Health and Mental Health Care:

- \$3.5 million to expand the youth behavioral health liaison program and add an additional 27 liaisons throughout the state
- \$4 million for Certified Nursing Assistant (CNA) training programs to increase the number of individuals receiving CNA training
- \$4.3 million to the Missouri Department of Health and Mental Health to implement a new maternal mortality plan

#### Public Safety

- \$50 million for school safety grants for schools to make physical security investment on their campuses, develop safety plans, establish school resource officer programs, and increase their active training threats

Governor Parson's full State of the State Address, outlining the FY24 Budget and his priorities is available [here](#).

#### **Budget Update**

As indicated above, Governor Parson has released his Fiscal Year (FY) 2024 executive budget recommendations. At the time of this report, House sub-committees have started scheduling hearings to begin the process of crafting their FY2024 budget recommendations. The Governor's executive budget asks for a record setting \$50,532,767,022 (breaking down into roughly \$14 billion in general revenue, \$12.2 billion in other funds, and \$24.2 billion in federal funds). The two state departments with the highest amount of spending include the Department of Elementary and Secondary Education at \$10.1 billion (20%) and the Department of Social Services at \$16.4 billion (33%). The Governor also included the following in his executive budget but did not include these in his address:

#### Infrastructure:

- \$379 million for the Statewide Transportation Improvement Program (STIP)
- \$21.2 million (partnering with the federal government) to provide improvements to Waynesville-St. Robert Regional Airport, Rosecrans Memorial Airport, and Jefferson City Memorial Airport
- \$13.9 million for energy grid resilience
- \$650,000 (partnering with Port KC and the US Army Corps of Engineers) on a Lower Missouri River Navigation study

#### Education:

- \$250 million to create an Education Stabilization Fund
- \$25 million to invest in research, program development, and skills training to increase competitiveness for semiconductor manufacturing opportunities

#### Government Reform:

- \$234.2 million for the Facilities Maintenance Reserve Fund which increases funding to better maintain, repair, and renovate state facilities
- \$15.6 million for statewide technology investments including network resiliency, increasing cybersecurity, and establishing a technology command center

#### Mental Health and Healthcare:

- \$88 million for treatment and support for Missourians with behavioral health and developmental disabilities for an additional 7,198 individuals and waiver services for 1,540 new individuals with development disabilities in need of residential services and in-home supports
- \$42.8 million to provide a rate increase for residential treatment facilities for children
- \$3.8 million to incentivize Local Public Health Authorities (LPHAs) to become accredited

#### Public Safety:

- \$14.5 million for MoDOT's high priority safety-related equipment
- \$231,085 to develop training standards and offering access to free training and education to those serving victims

### **Committee Activity**

#### **Regulatory Sandbox Act**

The Senate Economic Development and Tax Policy Committee convened Tuesday afternoon to discuss SB 3, sponsored by Senator Denny Hoskins (R-Warrensburg). The bill creates the Regulatory Sandbox Act, which provides small businesses creating innovative products a way to waive or suspend certain regulations for two years by applying to the Regulatory Relief Office created within the Department of Economic Development. During the bill presentation, the sponsor stated Missouri would be the first state in the region to adopt this legislation although Kentucky and Iowa have filed similar bills. Next Missouri, Associated Industries of Missouri, Americans for Prosperity, Missouri Chamber of Commerce and Industry, Cicero Action, **Greater Kansas City Chamber of Commerce**, Civic Council of Kansas City, UnitedWE, NFIB, and Missouri Grocers Association supported the bill and stated when the state assists start-up companies, it only helps the economy grow and attracts new

businesses to Missouri. The Sierra Club of Missouri opposed the bill and stated exempting some businesses and not all from regulations would create an imbalance in the market.

**Bills of Interest:**

<https://www.govwatch.net/report/26953>

**Hearings**

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

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

**Key Upcoming Dates**

- February 8, 2023 – State of the Judiciary
- February 20, 2023 – Presidents Day Observed – No Session
- March 1, 2023 – Last Day to File Bills
- March 9 – 20, 2023 – Legislative Spring Break
- 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

My thanks,

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**KC Chamber Missouri State Affairs Committee Meeting February 10, 12-1:15 p.m.**

**Please register by February 3 using this link:**

**[January Missouri State Affairs Committee Meeting](#)**