



**February 12, 2024**

The sixth week of session is in the books. The House continues to work diligently through its floor calendar and House committee hearings dictate the majority of legislator and lobbyist time. Senate gridlock remains, but Senators finally debated their first bill of the session for a few hours Wednesday evening before it was returned to the calendar with no reconciliation.

### **Budget Update**

The House Budget Committee and the Senate Appropriations Committee convened last week to continue discussion and inquiry of various state departments. During House Budget Committee discussions, focus centered on increases in general revenue use. Governor Mike Parson recommended nearly a \$53 billion FY2025 budget, with an estimated \$15 billion coming from general revenue. Many legislators are concerned that this spending plan will reduce the \$3.2 billion surplus to \$1.5 billion. Chairman Cody Smith (R-Carthage) stated publicly that ongoing programs need to remain within the consensus revenue estimate without relying on surplus funding. Currently, annual revenues are stable at about \$13.1 billion, but growth is expected to be negligible.

### **House Floor Activity**

#### **Regulatory Sandbox Act**

The House dedicated floor time last Tuesday to debate HB 1960, sponsored by Representative Alex Riley (R-Springfield). The bill creates the Regulatory Sandbox Act, which provides an expedited pathway for small businesses creating innovative products to navigate state regulation and oversight. To spur entrepreneurship and innovation, the language allows for the waiver or suspension of certain regulations for two years by applying to the Regulatory Relief Office created within the Department of Economic Development. Representative Deb Lavender (D-Manchester) amended the bill to ensure that entities using the program are unable to circumvent environmental rules and regulations. Once modified, the House provided the first of two necessary approval votes. The House revisited the issue Thursday and passed it by a 131-16 vote. The bill now will be sent to the Senate. **The KC Chamber** has long been an advocate for the Right to Start initiative, many of which measures are in HB 1960.

#### **Childcare tax credits**

The House dedicated floor time this past Tuesday to debate HB 1488, sponsored by Representative Brenda Shields (R-St. Joseph). The bill establishes the "Childcare Contribution Tax Credit Act." Beginning January 1, 2025, the proposal allows childcare facilities, employers, and working parents to claim tax credits with a goal of reducing barriers for working parents deciding to enter or reenter the workforce. The program has a sunset of December 31, 2030. After a brief debate, the House provided the first of two necessary approval votes. The House dedicated floor time Thursday to revisit the bill and passed it bill by a 113-39 vote. The bill now will be sent to the Senate for further deliberation.

### **Committee Activity**

### **Earnings tax**

The House Economic Development Committee convened last Wednesday morning to discuss HB 2464 and HB 2460, sponsored by Representatives Steve Butz (R-St. Louis) and Jim Murphy (R-St. Louis), respectively. The bills seek to exempt from the city earnings tax all taxpayers whose income is at or below 150% of the federal poverty level. During bill presentation, the sponsors informed committee members that the tax hurts the poor and the intent of the legislation is to help residents. Empower MO supported the bill and informed committee members that the earnings tax is a critical source of revenue for St. Louis and Kansas City but providing an exemption for people below the poverty level is critical. The City of St. Louis opposed the bill and informed committee members that reducing the earnings tax is not beneficial to city revenues and stated there needs to be a replacement of revenue resources. The City of Kansas City, **Civic Council of Kansas City**, and the **Greater Kansas City Chamber of Commerce** opposed the bill and informed committee members that Kansas City is growing, and the proposal negatively would impact first responders. The Catholic Charities Arch Diocese of St. Louis provided informational testimony and stated it would support the bill if there would not be cuts to services to the community.

### **Workforce housing tax incentives**

The House Rural Community Development Committee convened last Monday afternoon to discuss HB 2407, sponsored by Representative Greg Sharpe (R-Ewing). The bill establishes the "Workforce Housing Tax Incentives Program," which is modeled after a 2014 Iowa program that incentivizes developers to construct workforce housing via refundable tax credits. The Iowa Area Development Group, Northeast Regional Planning Commission, Northeast Economic Development Council, Missouri Economic Development Council, Tri-County Electric Cooperative, MO Chamber of Commerce, **Greater Kansas City Chamber of Commerce**, and the **Civic Council of Greater Kansas City** provided supporting testimony. Armorvine provided the only opposition testimony.

### **Regulatory Sandbox Act**

The Senate Economic Development and Tax Policy Committee met last Monday afternoon to discuss SB 825 and SB 894, sponsored by Senators Denny Hoskins (R-Warrensburg) and Travis Fitzwater (R-Fulton), respectively. The bills establish provisions relating to the promotion of business development and create the Regulatory Sandbox Act, which provides an expedited pathway for small businesses creating innovative products to navigate state regulation and oversight. To spur entrepreneurship and innovation, the language allows for the waiver or suspension of certain regulations for two years by applying to the Regulatory Relief Office created within the Department of Economic Development. The bill also includes Right to Start provisions. The MO Chamber of Commerce, Opportunity Solution Project, Cicero Action, **Civic Council of Greater KC**, Bio-STL, Nixa MO, **Greater KC Chamber of Commerce**, and Economic Development Corporation of KC supported the bill. The Sierra Club opposed the bill.

### **Revitalizing Missouri downtowns and main streets**

The Senate Economic Development and Tax Policy Committee met last Monday afternoon to discuss SB 792, sponsored by Senator Steve Roberts (D-St. Louis). The bill creates the "Revitalizing Missouri Downtowns and Main Streets Act" and establishes a tax credit to assist developers converting abandoned buildings to living spaces, stores, etc. with an intent to revitalize downtown areas. Greater St. Louis Inc., MO Chamber of Commerce, Economic Development Corporation of Kansas City, AGC Kansas City, MO Growth Association, **Civic Council of Greater KC**, **Greater KC Chamber of Commerce**, Foss & Co, and the MO Realtors Association supported the bill and informed committee members that revitalization has contributed to the decrease of crime and would provide another useful tool to help communities. No opposing testimony was presented.

### **Historic preservation**

Senator Steve Roberts (D-St. Louis) appeared before the Senate Economic Development and Tax Policy Committee Monday to present SB 884. The bill modifies provisions relating to the historic preservation tax credit program

and renames such tax credits the "Missouri Historic, Rural Revitalization, and Regulatory Streamlining Act" to allow counties to designate certain structures as "essential community or heritage facilities." The intent is to streamline processes and enable developers to revitalize areas. During bill presentation, the sponsor stated the bill seeks to address burdens and increase transparency. Revitalization for MO, New and Found Development, a historic preservation consultant, MO Chamber of Commerce, Economic Development Corporation of Kansas City, American Institute of Architects of MO, Foss & Co, AGC of Kansas City, **Civic Council of Greater KC**, MO Economic Development and Financing Association, **Greater Kansas City Chamber of Commerce**, Greater Stl Inc., MO Realtors Association, and St. Louis Electrical Connection supported the bill and stated the tax credit is an economic driver for both urban and rural areas. Armorvine opposed the bill and advocated the need to limit tax credits and include language that states the tax credit only can be utilized to house "legal citizens."

### **Electric rate making**

The Senate Commerce, Consumer Protection, Energy, and Environment Committee convened this past Tuesday morning to discuss SB 1247, sponsored by Senator Rusty Black (R-Chillicothe). The bill is in response to the lack of electrical generation ability to meet future baseload demand. Twenty-six other states have established a pre-determination process to accelerate construction of generation facilities. The objective is to increase generation capacity, which offers both assurance to consumers and confidence to companies investing significant resources. Ameren Missouri, Eversource, **Greater Kansas City Chamber of Commerce**, Missouri Chamber of Commerce, and Hunt Midwest provided supporting testimony stating this legislation is critical for ensuring stable electricity generation. Missouri Industrial Energy Consumers, Consumer Council of Missouri, AARP, and the Sierra Club provided opposing testimony stating the legislation would unfairly impact residential and small business consumers and have a negative impact on the economy.

The House Utilities Committee convened Wednesday afternoon to discuss HB 2541, sponsored by Representative Josh Hulbert (R-Smithville). The bill is the House companion bill to SB 1247, detailed above. Committee discussion and testimony mirrored the Senate hearing.

### **Engineering tax credits**

The Senate Emerging Issues Committee convened last Tuesday afternoon to discuss SB 849, sponsored by Senator Justin Brown (R-Rolla). Beginning on or after January 1, 2025, the bill seeks to create three tax credits for certain employers and employees with engineering degrees with a goal of incenting engineers to remain in or relocate to Missouri. American Council of Engineers, Bartlett and West Inc., Olsen Engineering Co., Boeing Company, Associated Industries of MO, MO Chamber of Commerce, MO Society of Professional Engineers, Burns and McDonnell, Greater St. Louis Inc., and the **Greater KC Chamber of Commerce** supported the bill. No opposing testimony was presented.

The House Workforce and Infrastructure Committee convened Wednesday afternoon to discuss HB 2081, sponsored by Representative Donnie Brown (R-New Madrid). The bill is the House companion to the bill highlighted above. Committee discussion and testimony were similar.

### **Hospital collaboration**

The Senate Commerce, Consumer Protection, Energy and Environment Committee convened Tuesday morning to discuss SB 789, sponsored by Senator Greg Razer (D-Kansas City). The bill mandates that no hospital district board of trustees shall approve any agreement to partner or otherwise collaborate with any health care system operated by an institution of higher education that is located outside Missouri for the purpose of providing health care services to Missouri residents unless the agreement is first submitted to the voters of the district and approved by two-thirds of votes cast. This bill is in response to the University of Kansas Health System's desire to take over the Liberty hospital system. Stockdale Ranch LLC provided supporting testimony. Liberty Hospital, the New Liberty Hospital District, and Missouri Hospital Association provided opposing testimony.

### **Sporting events tax credit**

The House Special Committee on Tourism convened Tuesday afternoon to discuss HB 1483, sponsored by Representative Brad Christ (R-St. Louis). This bill provides a tax credit to nonprofit organizations, described as "certified sponsors," that are active members of the Sports Events and Tourism Association. STL Sports Commission, Greater St. Louis Inc, Greater Springfield Area Sports Commission, Joplin Sports Authority, Greater St. Charles Visitors Bureau, Kansas City Sports Commission, Visit Kansas City, Visit Maryland Heights, and Missouri Association of Convention and Visitor Bureaus provided supporting testimony. A private citizen provided opposing testimony.

### **Tobacco 21**

The House General Laws Committee convened Tuesday afternoon to discuss HB 1484, sponsored by Representative Brad Christ (R-St. Louis). The bill restricts political subdivisions from denying transfers of tobacco licenses upon transfers of business ownership and increases the age to purchase tobacco products from 18 to 21. Missouri Petroleum and Convenience Stores Association supported the bill. Council for a Drug Free Youth, Springfield Department of Health, American Cancer Society/Cancer Action Network, City of Eureka, American Heart Association, Missouri State Medical Association, City of Kansas City, **Greater Kansas City Chamber of Commerce**, and private citizens provided opposing testimony stating enforcing a statewide Tobacco 21 law would preempt local control. Missouri Municipal League provided informational testimony regarding the preemptive language included within the bill.

### **Regional planning commission funding**

The Senate Transportation, Infrastructure and Public Safety Committee convened Wednesday morning to discuss SB 939, sponsored by Senator Justin Brown (R-Rolla). Under current law, state funds for the East-West Gateway Coordinating Council and the Mid-America Regional Council are not to exceed \$65,000 and state funds for other regional planning commissions shall not exceed \$25,000. This act changes the sums to \$130,000 and \$50,000, respectively. The MO Association of Councils of Governments provided supporting testimony. No opposing testimony was presented to the committee.

### **Advanced manufacturing recruitment**

The House Economic Development Committee convened Wednesday morning to consider passage of HB 1480, sponsored by Representative Brad Christ (R-St. Louis). The bill establishes a tax credit for up to 20% of a capital investment in property made by a qualified manufacturing company for up to five years. The capital investment must equal at least \$1 billion and create 500 or more jobs in Missouri. The total amount of tax credits issued annually may not exceed \$200 million. The intent of the legislation is to help attract large manufacturing companies to Missouri. During committee discussion, substitute language was adopted to include a 10-year sunset, clarify that the employment is based on full time workers, and change the tax year to fiscal year instead of calendar year. Once modified, the committee passed the bill by a 16-0 vote.

### **Waterways and ports trust fund**

The House Transportation Infrastructure Committee convened Wednesday afternoon to consider passage of HB 2352, sponsored by Representative Cindy Buchheit-Courtway (R-Festus). The bill loosens eligibility requirements and changes completion time to two years within appropriation of legislative funds. During committee discussion, substitute language was adopted to allow STL Port Authority to access the funds. Once modified, the committee passed the bill by a 13-0 vote.

### **Highways and transportation commission dissolution**

The House Transportation Accountability Committee convened Thursday morning to discuss HJR 109, sponsored by Representative Louis Riggs (R-Hannibal). The constitutional amendment dissolves the Highways and Transportation Commission and transfers duties and responsibilities to the Department of Transportation to be overseen by a director appointed by the Governor with the advice and consent of the Senate. No supporting or opposing testimony was presented to the committee.

### **Transportation spending plans**

The House Transportation Accountability Committee convened Thursday morning to discuss HJR 98, sponsored by Representative Louis Riggs (R-Hannibal). Upon voter approval, this proposed constitutional amendment would provide the General Assembly power to veto any Department of Transportation spending plan, including the Department's Statewide Transportation Improvement Program. Committee members were vehemently opposed to this bill and stated the concept would be confusing for voters. No supporting or opposing testimony was presented to the committee.

### **Bill Tracker**

Bills continue to be filed daily. Please find an updated bill list using the following link: <https://govwatch.net/report/3BrZGXRqA5>

### **Upcoming Hearings of Interest**

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

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

### **Key Upcoming Dates**

- February 27, 2024 – First day of candidate filing
- March 1, 2024 – Last day of bill filing
- March 18-22, 2024 - Legislative spring break
- March 26, 2024 – Last day of candidate filing
- April 1, 2024 – Easter break (no session)
- May 10, 2024 – Final day to constitutionally pass the FY 2025 budget
- May 17, 2024 – Last day of the 2024 legislative session
- August 6, 2024 – Missouri primary elections
- September 11, 2024 – Veto session
- November 5, 2024 – Missouri general elections

My thanks,

Nancy Giddens | Principal

The Giddens Group

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**KC Chamber Missouri State Affairs Meeting**

**March 8, 12-1:15 p.m.**

**Chamber Boardroom, Union Station**