



**March 18, 2024**

Let spring break commence! The House spent its week continuing to work swiftly and efficiently through its calendar. Meanwhile, the Senate ground to a halt Wednesday after Senator Mary Elizabeth Coleman urged a House committee to renegotiate an initiative petition reform deal that she reached with her Senate colleagues last week. Senate Democrats commandeered the floor and discussed the importance of keeping one's word and upholding trustworthy relationships. The Senate adjourned abruptly before tempers could flare fully.

Spring break, which begins today, informally represents the halfway point in session. Upon return from the legislative spring break, only nine weeks remain before the mandatory adjournment date of May 17<sup>th</sup>. Legislation reforming public education, investing in childcare, and reducing crime still await reconciliation in both chambers. It also will be full steam ahead to get the FY 25 state budget finalized and sent to Governor Parson by the May 10<sup>th</sup> deadline.

With no legislative activity scheduled next week, you will not receive a report. Legislative activity will continue March 25<sup>th</sup> and your next report will be sent at the conclusion of that week.

#### **Budget Update**

The House Budget Committee convened this week for Chairman Cody Smith (R-Carthage) to present his proposed changes to the FY25 budget. The Budget Chairman typically makes large sweeping changes across the seventeen budget bills. Chairman Smith provided a high-level overview of the changes made and informed committee members the deadline for any additional amendments would be next Tuesday March 19<sup>th</sup> at 5pm. No amendments submitted after the deadline will be considered. The committee is scheduled to begin the mark-up process at 10am on March 25<sup>th</sup>. A link to the full proposed chairman substitute can be found [here](#).

#### **Joint Committee on Transportation Oversight**

The Joint Committee on Transportation Oversight convened Monday to hear testimony from Missouri Department of Transportation Director Patrick McKenna. Throughout his presentation, Director McKenna highlighted current challenges the department faces, its successes, goals, infrastructure improvement plans for Interstate 70, highway sign programs, and commission.

Director McKenna stated the overall goal of MoDOT is to provide a world class transportation system that's safe, innovative, reliable, and dedicated to a prosperous Missouri. He described safety issues MoDOT workers face such as general highway and roadway accidents, reckless and high-speed driving, and detailed the 139 employees that have lost lives because of roadway and construction zone accidents. He also mentioned the increase in traffic fatalities among motorists and motorcyclists.

Director McKenna also discussed workforce and staffing issues MoDOT faces. Accordingly, in its FY25 budget, Director McKenna requested additional funds to address market pay and staffing shortages. The Director said the department continues to work to address employee pay so it can properly staff critical response positions.

Director McKenna also discussed Governor Mike Parson's bridge program. In December 2023, MoDOT completed the \$353 million project designed to rehabilitate or replace 250 bridges in the state. In the past decade, MoDOT completed more than 4200 projects with a total budget of \$11.1 billion, with 94% of those projects completed on time and 5% completed under budget.

## **Senate Floor Activity**

### **Education reform**

The Senate dedicated much of its floor time this week to SB 727, sponsored by Senator Andrew Koenig (R-Manchester). The bill increases the Empowerment Scholarship Account Program (ESA) tax credit cap from \$50 million to \$75 million and allows charter schools to expand in St. Louis County, St. Charles County, and Boone County. After considerable debate, new substitute language was crafted that included four-day school week provisions, teacher pay, and foundation formula funding that accounts for enrollment rather than solely daily average attendance. During Senate discussions, the sponsor indicated the reasoning behind the foundation formula changes is to address fixed costs of running schools. Even if students aren't attending, administrators must pay teachers and other fixed costs. The Senate adopted the new substitute bill and provided its first of two necessary approval votes Tuesday. It revisited it Thursday morning and passed it by a 19-10 vote. The bill now will be sent to the House for further consideration.

## **House Floor Activity**

### **Earnings tax**

The House kicked off its floor debate this week with HB 2460, sponsored by Representative Jim Murphy (R-St. Louis). The proposal clarifies that St. Louis cannot collect taxes on remote worker salaries and must refund any amounts collected already. The bill also requires the City of St. Louis to submit a quarterly report detailing receipts from its earnings tax as long as the city imposes it. After a brief debate, the House provided its first of two necessary approval votes.

### **Eliminating corporate income tax**

The House debated HB 2274, sponsored by Representative Travis Smith (R-Dora), Tuesday. The bill seeks to eliminate corporate income tax, which generates \$484 million per year in state general revenue. After a brief debate, the House provided its first of two necessary approval votes.

The Senate Economic Development and Tax Policy Committee met Monday afternoon to consider passage of SB 1029, sponsored by Senator Mike Moon (R-Ash Grove). The bill seeks to eliminate the corporate income tax incrementally over a period of five years, to be fully eliminated by calendar year 2029. After brief discussion, the committee passed the bill by a 4-1 vote.

The committee then turned its attention towards SB 823, sponsored by Senator Denny Hoskins (R-Warrensburg). The bill seeks to reduce the corporate income tax rate to 2.25% and provides additional 0.5% reductions for every \$50 million collected. After no discussion, the committee passed the bill by a 4-1 vote.

### **Amateur sporting events**

On Tuesday, the House debated HB 1483, sponsored by Representative Brad Christ (R-St. Louis). The bill provides a tax credit to nonprofit organizations, described as "certified sponsors," that are active members of the Sports Events and Tourism Association to help attract amateur sporting events to the state. After a brief debate, the House provided its first of two necessary approval votes.

### **Committee Activity**

#### **Sale of tobacco products**

The Senate Emerging Issues Committee convened Tuesday morning to consider passage of SB 911, sponsored by Senator Ben Brown (R-Washington). The bill specifies that the state shall preempt any local laws, ordinances, or regulations enacted by a county, municipality, or other political subdivision regulating the sale of tobacco products, alternative nicotine products, or vapor products and 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. After a brief discussion, the committee passed the bill by a 4-2 vote.

The House Government Efficiency and Downsizing Committee met Wednesday morning to consider passage of HB 2060, sponsored by Representative Ben Keathley (R-Chesterfield). The bill is like SB 911, detailed above. After brief committee discussion, the committee passed the bill by a 9-3 vote.

#### **Ballot measures**

The House Elections and Elected Officials Committee convened Tuesday afternoon to discuss SJR 74, sponsored by Senator Mary Elizabeth Coleman (R-Arnold). This resolution, upon voter approval, requires constitutional amendments to receive a majority vote in at least five of the state's eight congressional districts. Currently, constitutional amendments must win a simple majority of voters statewide. Campaign for Life, Missouri Right to Life, and MO Farm Bureau provided supporting testimony. Justice Now, National Council of Jewish Women St Louis, League of Women Voters, Missouri Relators Association, MO Voter Protection Coalition, Jobs with Justice Voter Action, MO NEA, and a private citizens provided opposing testimony.

#### **Creating more flexibility within MO Works**

The Senate Economic Development and Tax Policy Committee met Monday afternoon to discuss SB 1301, sponsored by Senator Jason Bean (R-Holcomb). The bill seeks to improve the MO Works Program by enhancing flexibility to attract more businesses to the state. Specifically, it combines caps of the advanced industrial manufacturing (AIM) zone and targeted industrial manufacturing enhancement (TIME) zone tax incentives within the MO Works Program and clarifies the total authorized tax credit cannot exceed \$181 million. The MO Department of Economic Development supported the bill and informed committee members that the AIM and TIME zone use the same economic incentives and the bill simply combines the programs into one overall cap. Additional supporting testimony was presented by the MO Economic Development Council, MO Chamber of Commerce, Port KC, and Associated Industries of MO. No opposing testimony was presented.

#### **Higher education funding**

The House Committee on Higher Education convened Wednesday afternoon to consider HB 2905, sponsored by Rep. Brenda Shields (R-St. Joseph). The bill directs the Department of Higher Education and Workforce Development, in consultation with Missouri's public universities and colleges, to jointly develop a higher education funding model based on the mission, outcomes, and performance accountability of each institution. University of Missouri System, UM Flagship Council, and Council on Public Higher Education provided supporting testimony stating the bill would provide stability in the

funding process and more accurately reflect each school's contribution to the state. The Department of Higher Education and Workforce Development provided informational testimony. No opposing testimony was presented to the committee.

### **Condemnation of property vs. Royals**

The Senate Judiciary and Civil and Criminal Jurisprudence Committee convened Monday afternoon to discuss SB 1468, sponsored by Senator Tony Luetkemeyer (R-Parkville). The bill says cities, including charter cities, shall not have the right to condemn lands owned by a church, synagogue, mosque, or other religious organization. The bill sponsor stated the legislation is related to a potential new sports stadium in Kansas City and churches currently existing on prospective sites. Clergymen and faith-based groups provided supporting testimony. A Cole County citizen provided opposing testimony.

### **Angel investing**

Senator Denny Hoskins (R-Warrensburg) appeared before the Senate Economic Development and Tax Policy Monday afternoon to present SB 1178. The bill establishes the "Missouri Angel Investment Incentive Act" to aid early-stage businesses in accessing capital at the right time. The language contains provisions relating to allocation of the tax credits, factors MO Technology Corporation may consider as part of its assessment, and criteria for "qualified businesses." The program contains a \$6 million cap. During bill presentation, the sponsor stated he will be offering substitute language to better align the bill with its House companion by changing the program's start date, delaying the dates the credit automatically increases, shortening the sunset to six years, and changing "region" to "county." Bio STL, Greater KC Chamber of Commerce, Civic Council of Greater KC, MO Chamber of Commerce, United WE, and Codify supported the bill. No opposing testimony was presented.

### **Shutdown orders**

The House Special Committee on Small Business convened Monday evening to consider passage of HB 2796 and HB 2874, sponsored by Representatives Jim Murphy (R-St. Louis) and Brian Seitz (R-Branson). The bills are similar and establish the "Protecting Missouri's Small Businesses Act." They define "shutdown order," and requires political subdivisions that implement a shutdown order which closes businesses at least 21 days to waive business license fees and reduce real and property tax liability. During committee discussion, the bills were combined into one legislative vehicle. Once modified, the committee passed the bill by an 8-0 vote.

### **Tax exemption for nuclear construction**

The Senate Commerce, Consumer Protection, Energy, and the Environment Committee went into executive session Tuesday morning to consider passage of SB 1388, sponsored by Senator Greg Razer (D-Kansas City). The bill authorizes a state and local sales tax exemption for the purpose of constructing a new nuclear security enterprise located in Kansas City. After no committee discussion, the committee passed the bill by a 10-0 vote.

The House Economic Development Committee met Wednesday morning to consider passage of HB 2710 and HB 2681, sponsored by Representatives Chris Brown (R-Kansas City) and Anthony Ealy (R-Grandview). The bills are House companions to SB 1388, highlighted above. During committee discussion, substitute language was adopted to combine the bills into one legislative vehicle. Once modified, the committee passed the bill by a 15-0 vote.

### **Reliable power**

The Senate Commerce, Consumer Protection, Energy, and the Environment Committee convened Tuesday morning to consider passage of SB 1422, sponsored by Senator Rusty Black (R-Chillicothe). The bill is in response to the pressing need for reliable baseload power and allows the use of plant and service accounting (PSA), which makes it possible to get back full investments made into utility projects. The language also provides utilities a depreciation of 100% of expenses, instead of 85%, and extends the sunset date from December 31, 2028, to December 31, 2035. During committee discussion, substitute language was adopted to return depreciation to 85% through August 27, 2024, and exclude the cost of investments in new generating units and energy storage systems from the requirement that at least 25% of annual capital investment costs be comprised of grid modernization projects. Once modified the committee passed the bill by a 9-2 vote.

#### **Anti-red flag gun seizure act**

The Senate Transportation, Infrastructure and Public Safety Committee convened Wednesday morning to consider passage of SB 998, sponsored by Senator Denny Hoskins (R-Warrensburg). This act establishes the "Anti-Red Flag Gun Seizure Act," which provides that any federal order of protection or other judicial order issued by a court to confiscate any firearm, firearm accessory, or ammunition from any law-abiding citizen shall be considered an infringement on the people's right to keep and bear arms. After no discussion, the committee passed the bill by a 4-0 vote.

#### **Career literacy**

The House Workforce and Infrastructure Development Committee convened Wednesday afternoon to consider passage of HB 2794, sponsored by Representative Gretchen Bangert (D-Florissant). The bill requires students in the eighth grade to complete a career assessment, meet with a guidance counselor, and develop a personal plan of study or individual career and academic plan. The bill also repeals the "Career Readiness Course Task Force," which was dissolved in 2019. During committee discussion, substitute language was adopted that created a definition for career literacy. Once modified, the committee passed the bill by a 10-1 vote.

#### **Fast track eligibility**

The House Workforce and Infrastructure Development Committee convened Wednesday afternoon to consider passage of HB 2278, sponsored by Representative Dane Diehl (R-Butler). Beginning January 1, 2025, the bill increases the maximum gross income for eligibility for the Fast Track Workforce Incentive Grant from \$80,000 to \$100,000 for taxpayers who are married filing jointly and from \$40,000 to \$50,000 for all other taxpayers, adjusted annually based on inflation. After no discussion, the committee passed the bill by a 10-0 vote.

The Senate Select Committee on Empowering Missouri Parents and Children convened on Tuesday morning to discuss SB 1056, sponsored by Senator Rusty Black (R-Chillicothe). The bill is the Senate companion to the bill detailed above. The Department of Higher Education and Workforce Development, MO Community College Association, Independent Colleges & Universities of Missouri, MO Chamber of Commerce, MO Ambulance Association, and Council on Public Higher Education provided supporting testimony. A private citizen provided opposing testimony.

#### **Childcare tax credits**

The Senate Government Accountability Committee met Thursday morning to discuss HB 1488, sponsored by Representative Brenda Shields (R-St. Joseph). The bill is the House companion to SB 742, sponsored by Senator Lauren Arthur (D-Kansas City) and authorizes three different tax credits for childcare. Beginning January 1, 2025, it 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. MO Chamber of Commerce, St. Luke's Health System, City of Kansas City, Greater Kansas City Chamber of Commerce, Civic Council of Greater Kansas City, United WE, Kids Win MO, Associated Industries, MO Retailers Association, MO Grocers Association, MO NFIB, Moberly Area Economic Development, Aligned, MO Alliance of YMCA's, MO Hospital Association, St. Louis County, Goodwill, and National Association of Social Workers supported the bill. No opposing testimony was presented. Immediately after the hearing, the committee passed the bill by a 5-0 vote.

### **MO Bucks program**

The Senate Insurance & Banking Committee convened Tuesday afternoon to discuss HB 1803 sponsored by Representative Terry Thompson (R-Lexington). This legislation specifically relates to the state treasurer's investment in linked deposits and raises the cap to \$1.2 billion from \$800 million. Missouri Bankers Association, Missouri Chamber of Commerce, Missouri Credit Union Association, Missouri Independent Bankers Association, FCS Financial, Associated Industries of Missouri, and Missouri Farm Bureau supported the bill. No opposing testimony was presented.

### **Bill Tracker**

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/hearingschedule/hrings.htm>

### **Calendars**

[House](#)

[Senate](#)

### **Key Upcoming Dates**

- 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**

**April 12, 12-1:15 p.m.**

**Chamber Boardroom, Union Station**