



**May 17, 2024**

## **2024 Truly Agreed to and Finally Passed Bills – Priority Legislation**

The 2024 Missouri legislative session ended May 17, 2024, at 6:00pm. To describe this session as challenging would be a gross understatement. Nearly all capitol regulars approached this session with low expectations given the drastic personality politics at play. It didn't take long before the self-appointed Freedom Caucus diminished all remaining expectations.

Legislative procedures and processes exist for a reason. They exist for government to function and for elected officials to represent the constituencies who elect them. Serving as an obstacle to basic legislative functioning is no real feat but seemed to be the purpose for select Senators – a purpose they achieved this year. Nearly each week precipitated a Senate filibuster on basic procedural or bill motions that derailed nearly all priorities and proposals, resulting in the low number of policy bills passed.

In sharp contrast, the House worked diligently throughout session, but its work product remained unrewarded due to Senate Republican infighting. The House spent its final days sending various pieces of legislation to the Governor's desk.

Below is a summary of bills specific to you (KC Chamber & Civic Council) that emerged through the chaos and await Governor Parson's signature.

### **State Appropriations**

The Missouri Fiscal Year 2025 budget is finalized and was delivered to Governor Mike Parson. The approved \$51.7 billion budget cut more than \$800 million from Governor Parson's request for health and social services programs but funded \$2 billion in new earmarks. It fully funded the K-12 school foundation formula, increased higher education funding by 3%, provided \$55 million in childcare subsidies, and included a 3.2% state employee pay raise.

Items of interest include the following:

1. \$4,161,797,436 for the foundation formula
2. \$55,830,843 for pre-kindergarten education program grants
3. \$33,421,374 for a grant program to provide a baseline educator salary of \$40,000
4. \$75,421,052 for the Access Missouri Financial Assistance Fund
5. \$60,313,326 for the A+ Schools Fund
6. \$4.7 million for the Fast Track Workforce Incentive Grant
7. \$7 million for the Dual Credit Scholarship Fund

8. STEAM Village - \$100,000
9. Bartle Hall Convention Center - \$2,000,000
10. Jackson County Sports Complex - \$3,000,000
11. FIFA World Cup – 17,500,000
12. KC Current Soccer Campus – Parking Lot - \$2,500,000
13. KC Current Soccer Riverfront streambank improvements - \$5,000,000
14. Launch KC – \$350,000
15. KC tech Hub - \$1,000,000
16. Youth and Police Initiative - Building relationships and prevention programing between youth and law enforcement - \$750,000
17. Children’s Mercy Hospital in Kansas City - \$25,000,000
18. Jackson County Sports Authority – FIFA World Cup - \$7,500,000
19. FIFA World Cup – Capital improvements - \$2,000,000
- 20. South Loop Park reappropriation - \$28,600,000**
- 21. South Loop Park - \$ 30,000,000**
- 22. Mental Health Hospital reappropriation – Kansas City - \$300,000,000**
23. Streetcar Authority in Kansas City - \$1,000,000
- 24. Kansas City International Airport – For international routes – \$5,000,000**
25. FIFA Foundation - \$950,000

Within each budget bill, language is contained that specifies that “no funds shall be expended to any municipality that enacts or adopts a sanctuary policy, in accordance with Section 67.307, RSMo. Any municipality that enacts or adopts a sanctuary policy and has received state funds during the current state fiscal year shall pay back all funds with interest calculated at the statutory rate of interest as provided in Section 408.040.4, RSMo.”

### **HB 1803 – State Treasurer’s Authority to Invest**

This bill raises the aggregate amount that the State Treasurer may invest in linked deposits, so that the total amount deposited at any one time does not exceed \$1.2 billion. Currently, the cap is \$800 million. The bill specifies that the aggregate deposits will be used for linked deposits to eligible small businesses in addition to the businesses currently allowed.

### **HB 1912 – Taxation of Pass-Through Entities**

Currently, the law authorizes a taxpayer to claim a tax credit for income tax paid to another state on income that is also taxable in Missouri. This bill allows S Corporation shareholders to take a similar tax credit for the shareholder's share of the S Corporation's income derived from sources in another state.

Currently, the SALT Parity Act allows for an alternative method for the taxation of income in pass-through entities, as well as a tax credit against those sources of income tax. Current law also allows a taxpayer to reduce his or her tax burden through use of the Federal business income deduction. This bill alters such calculation by allowing the use of the Missouri State business income deduction instead.

This bill allows a member of an affected business entity to opt-out of the SALT Parity Act's taxation methods. If one or more members opt-out, the affected business shall subtract the opt-out members' allocable income and deduction items. If a member does not file a timely opt-out election for a tax year, that member shall not be precluded from timely filing an opt-out election for subsequent tax years.

If a nonresident member chooses to opt-out, that nonresident shall agree to:

1. File a return based on Missouri nonresident adjusted gross income and to make timely payment of taxes with respect to income of the affected business entity; and
2. Be subject to personal jurisdiction in this State for purposes of tax collection with respect to the income of the affected business entity.

This bill applies the SALT Parity tax credit to a fiduciary of an estate or trust that is also a member of an affected business entity.

### **HB 2062 – Protecting Missouri’s Small Business Act**

This act establishes the "Protecting Missouri's Small Businesses Act" which provides that any political subdivision that implements any shutdown order and the business closes solely due to such shutdown order for at least 14 consecutive days, or 30 cumulative days shall waive the fee for a business license during the period of the shutdown order and reduce the real and personal property tax liability of the business as provided in the act. This act is not an exemption of property from taxation and any action taken by a political subdivision that results in a refund, or revenues lost shall be construed as an exercise of the political subdivision's authority to levy and collect local tax revenues.

### **SB 727 – Elementary and Secondary Education**

#### *Missouri Empowerment Scholarship Accounts Program*

The act changes the maximum amount of tax credits that may be allocated in any year from \$50 million to \$75 million. Such maximum amount shall be increased annually by any percentage increase or decrease in the amount appropriated to school districts under the foundation formula.

The act repeals a provision that the annual increase to the cumulative amount of tax credits shall cease when the amount of tax credits reaches \$50 million.

#### *Minimum School Term*

The act modifies the definition of "school term" by providing that school districts located in charter counties or cities with more than 30,000 inhabitants shall have a school term that consists of at least 169 school days, unless the district has adopted a four-day school week, in which case a school term shall consist of at least 142 school days.

Beginning in the 2026-27 school year, the act provides that school districts located wholly or partially in charter counties or cities with more than 30,000 inhabitants may adopt a four-day school week only upon a majority vote of the qualified voters of the school district, as provided in the act.

#### *School Board Vacancies*

Under current law, any vacancy on an urban school board shall be filled by special election. Under this act, the remaining members of the board shall fill any such vacancy by appointment until the next school board election.

#### *Weighted Average Daily Attendance*

This act modifies the definition of "weighted average daily attendance" as used in the education funding formula by adding to such definition a weighting factor relating to school district enrollment.

Weighted membership shall be included in the calculation of a school district's weighted average daily attendance beginning in the 2026 fiscal year. In 2026, a district's weighted average daily attendance shall

be calculated as the sum of 90% of such district's weighted average daily attendance as calculated in current law, plus 10% of such district's weighted membership. The percent of weighted membership included in such calculation shall increase by 10% each year until 2030, when a district's weighted average daily attendance shall be calculated as the sum of 50% of such district's weighted average daily attendance as calculated in current law, plus 50% of such district's weighted membership.

#### *Early Childhood Education Programs Operated by School Districts and Charter Schools*

Currently, children between three and five years old who are eligible for free and reduced price lunch and attend an early childhood education program operated by a school district or a charter school may be included in such district's or charter school's calculation of average daily attendance, provided that the total number of such pupils does not exceed 4% of the total number of pupils between 5 and 18 years old who are eligible for free and reduced price lunch and who are included in such district's or charter school's calculation of average daily attendance. This act increases such percentage to 8%.

#### *Minimum Teacher's Salary*

Beginning in the 2025-26 school year, this act increases the minimum teacher's salary from \$25,000 to \$40,000. For teachers with a master's degree and at least ten years of experience, this act increases the minimum salary from \$33,000 to \$46,000 for the 2025-26 school year and further increases such salary by \$1,000 each year until the 2027-2028 school year, when the minimum shall be \$48,000.

In the 2028-29 school year and in all subsequent school years, the minimum teacher's salaries shall additionally be adjusted annually by the percentage increase in inflation. Modifications to the minimum salaries shall take effect on July 1 of each calendar year.

#### *Teacher Recruitment and Retention State Scholarship Program*

The act changes the name of the "Urban Flight and Rural Needs Scholarship Program" to the "Teacher Recruitment and Retention State Scholarship Program."

The act provides that scholarship funds may be used to cover up to 100% of the tuition costs related to teacher preparation at a four-year college or university located in Missouri, except that no amount granted for tuition shall exceed the amount of tuition charged a Missouri resident at the University of Missouri-Columbia for attendance.

The number of years a student may receive a scholarship is reduced from four to two years. The number of students who may receive a scholarship is increased from 100 to 200 in the 2025-26 academic year, or a maximum awarded amount of \$1.2 million dollars. The act further increases the maximum number of scholarships or the maximum awarded amount for each year through the 2030-31 academic year, when the maximum shall be 600 scholarships or a maximum awarded amount of \$3.4 million.

To be eligible for a scholarship, recipients shall sign an agreement to teach in a Missouri public school that is a hard-to-staff school or to teach at least one hard-to-staff subject area in a Missouri public school, or both, for two years for every one year the recipient receives a scholarship.

The scholarships provided in the act shall be available to students who have successfully completed 48 credit hours at a community college, who have been awarded an associate degree, or who have completed 60 credit hours at a four-year college.

### **SB 748 – Relating to Reimbursement Allowance Taxes**

This act extends the expiration dates for the Ground Ambulance, Nursing Facility, Medicaid Managed Care Organization, Hospital, Pharmacy, and Intermediate Care Facility for the Intellectually Disabled federal reimbursement allowances from September 30, 2024, to September 30, 2029.

### **SB 754 – Blair’s Law**

This act establishes "Blair's Law" which specifies that a person commits the offense of unlawful discharge of a firearm if he or she recklessly discharges a firearm within or into the limits of a municipality. Any such person shall be guilty of a class A misdemeanor for the first offense, a class E felony for the second offense, and a class D felony for any third or subsequent offenses. These provisions will not apply if the firearm is discharged under circumstances as provided in the act.

### **SB 894 – Promotion of Business Development**

#### *Right-To-Start-Act*

By no later than June 30, 2026, and annually thereafter, this act requires the Commissioner of Administration to file a report with the General Assembly that includes information on contracts awarded to businesses that have been in operation for less than three years, as described in the act.

This act also requires the Commissioner of Administration, in conjunction with the Office of Entrepreneurship, which is established by the act, to file a report with the General Assembly making recommendations on improving access and resources for new Missouri businesses that have been in operation for less than three years, including businesses owned by a racial minority group, and women-owned and veteran-owned businesses.

#### *Office of Entrepreneurship*

This act creates the Office of Entrepreneurship within the Department of Economic Development. The Office shall employ an individual to promote policies and initiatives to support the growth of entrepreneurship of Missouri-based businesses with less than ten employees, including entrepreneurship within racial minority groups, and women and veteran entrepreneurship, in this state.

#### *Regulatory Sandbox Act*

This act establishes the "Regulatory Sandbox Act", which creates the Regulatory Relief Office within the Department of Economic Development. The Regulatory Relief Office shall administer the provisions of the act with the purpose of identifying state regulations that could potentially be waived or suspended for participating businesses during a two-year period in which the participating business demonstrates an innovative product offering to consumers.

The Regulatory Relief Office shall be responsible for evaluating and approving or denying applications to participate in the Sandbox Program. An applicant shall submit an application along with a \$300 application fee to the Regulatory Relief Office, which shall include contact information and a description of the innovative offering to be demonstrated, including statements regarding how the innovative offering is subject to licensing, legal prohibition, or other authorization requirements outside of the Sandbox Program; each regulation that the applicant seeks to have waived or suspended while participating in the Sandbox Program; how the innovative offering would benefit consumers; and what risks might exist for consumers who use or purchase the innovative offering.

Upon approval of an application, a sandbox participant shall have twenty-four months after the day on which its application was approved to demonstrate the innovative offering described in the sandbox participant's application. During such period, the sandbox participant shall be exempt from the regulations

outlined in an agreement entered into with the Regulatory Relief Office. Innovative offerings shall only be available to consumers who are residents of this state, and no regulation shall be waived or suspended if such waiver or suspension would prevent a consumer from seeking restitution in the event that the consumer is harmed. A sandbox participant shall not be subject to prosecution or administrative penalty for a violation of any regulation that is waived or suspended during the duration of the participant's demonstration period.

### **SB 912 – Military Affairs**

#### *Missouri Veterans' Commission's Efforts on Veteran Suicide*

This act requires the Missouri Veterans' Commission to review the provisions of the Commander John Scott Hannon Veterans Mental Health Care Improvement Act of 2019 and any regulations related to such act. After review, the Commission, in collaboration with the Department of Mental Health, shall provide recommendations and make efforts to adopt procedures, programs, treatment options, aid, and other assistance necessary to assist in the efforts to prevent veteran suicide. Additionally, this act provides that the Commission shall file a report with the Department of Public Safety and the General Assembly on the recommendations, implementation, and effectiveness of the Commission's efforts to prevent veteran suicide before July 1, 2025, and by every subsequent July 1st. This provision was also passed in HB 1495.

#### *Armed Forces Income Tax Deduction*

Current law authorizes an income tax deduction for active and reserve members of the Armed Forces for a percentage of such taxpayer's income received as salary or compensation as a member of the Armed Forces. This act provides that the term "salary or compensation" shall include any signing bonus for all tax years beginning on or after January 1, 2025.

#### *Educational Assistance for Missouri National Guard*

Currently, any Missouri National Guard member may be awarded an educational assistance grant to an approved public or private higher education institution. This act provides that any Missouri National Guard member may be awarded, upon application before each semester, either a tuition and fee waiver for undergraduate courses at a postsecondary institution of higher education located in this state that directly receives funds appropriated by the General Assembly or a grant to certain eligible institutions as defined in the act. The tuition and fee waiver shall not be implemented prior to the 2025-2026 academic year and shall only be applicable to tuition and fees remaining after the application of certain other tuition assistance programs and grants.

The educational assistance shall not exceed the lesser of the actual tuition charged at an institution where the member is enrolled or accepted for enrollment or the total of the number of credit hours taken multiplied by the average tuition cost per credit hour charged to a Missouri resident at the University of Missouri for attendance, with the average cost determined by the Missouri National Guard.

The tuition and fee waiver shall be awarded if the member applies and is otherwise eligible, except shall only be awarded after the Missouri National Guard has distributed moneys available to the member through the State Tuition Assistance Program. Additionally, an applicant for the tuition and fee waiver shall cease to be eligible if his or her total completed credit hours exceeds 120 credit hours.

#### *Missouri Veterans and Jobs Opportunity Grant Program*

This act establishes the "Missouri Veterans and Job Opportunity Grant Program" in the Department of Economic Development for the purpose of administering and dispersing financial support to eligible



employers that are registered to do business in Missouri and that has paid wages to certain individuals, as specified in federal law for the Work Opportunity Tax Credit.

### **SB 1388 – Sales Tax Exemption for Certain Nuclear Facilities**

This act authorizes a state and local sales tax exemption for all sales and purchases of tangible personal property, building materials, equipment, fixtures, manufactured goods, machinery, and parts for the purposes of constructing all or any portion of a nuclear security enterprise located in Kansas City.

### **Final determination**

Governor Parson must determine whether to sign or veto the bills passed during session, some of which are detailed above. Appropriation decisions must be made by June 30th and policy decisions will be made by July 14th. If signed into law, the provisions of each signed bill will become effective on August 28, 2024, unless the legislation contained an emergency clause or included a specific effective date.

### **Gratitude**

Cooper and I are thankful for the opportunity to represent you in Jefferson City. Placing your trust in us isn't taken lightly and we truly appreciate the privilege of working with you. As legislative momentum begins to quiet, please feel free to contact either of us at any time.

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## **KC Chamber Missouri State Affairs 2024 Legislative Wrap Up Luncheon**

# **SOLD OUT**

**Featuring Senate President Caleb Rowden,  
House Speaker Dean Plocher, Senator Lauren Arthur**

**May 22, 11:30 a.m.-1:30 p.m.**

**The American Restaurant in Crown Center**

**Lunch Reservations: \$65 for Chamber Members, \$85 for Non-Members**