



Missouri Capitol Report

January 19, 2023

Weekly Overview: This week, despite being shortened by the MLK holiday was surprisingly busy. Newly elected Treasurer Vivek Malek was sworn into office, the Senate began hearings, and the House formalized all committees and began referring bills. Also, on Wednesday, Governor Mike Parson delivered his State of the State Address in which he presented his budgetary and legislative priorities to a joint session of the Missouri Legislature. We expect that the entire General Assembly will be in full swing next week as most committees will or have scheduled their first hearings of the year and will begin hearing legislation.

Below you will see a summary of Governor Parson's proposed budget and a review of the hearings held this week. You will also find a complete listing of all upcoming hearings posted by the House and Senate at the time to this report.

In Brief:

- On Tuesday, Vivek Malek was sworn in as the 48th Missouri State Treasurer. 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 in the November 2022 General Election as Missouri State Auditor.
- 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.
- The Supreme Court declined to hear the case brought by the state of Missouri over a measure in the \$1.9 trillion COVID-19 package that prohibited states from using economic relief money awarded to them to offset tax cuts. The court fight took aim at the so-call "tax mandate," which bars a state from using their portion of the nearly \$200 billion in federal grants from the American Rescue Plan to "either directly or indirectly offset a reduction" in its net tax revenue. The aid

package also bars states from using their share of the money meant to mitigate the economic effects of the pandemic for pensions funds. Former Attorney General Eric Schmitt and officials from 20 other states challenged the provision in federal courts across the country arguing the law prohibits only the “deliberate use” of ARPA funds to pay for a tax cut, and the Treasury Department’s broad interpretation of the tax mandate exceeded Congress’s power and was unconstitutional under the 10th amendment.

- 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, and releasing a public report.

State of the State Address

On Wednesday, Governor Mike Parson delivered the 2023 State of the State Address to the full General Assembly. He began his speech by recalling the last year and the special session which passed the largest income tax cut and agricultural tax credits and then focusing on the progress state government has made in infrastructure, workforce and education, mental health and health, government reform, and public safety. He then 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:

- Adds \$117 million to fully fund the 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
- \$56 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 establishes 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

Government Reform:

• \$22 million for the Missouri Department of Social Services' Children's Division 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

You may find the full address [here](#).

Budget Update

As indicated above, Governor Parson has released his Fiscal Year (FY) 2024 executive budget recommendations. At the time of this report, all House sub-committees have publicly posted a hearing to begin the process of hearing from the various departments regarding funding needs and crafting the final FY2024 budget. The governor's executive budget asks for a record setting \$50,532,767,022 (this breaks 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 the 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 this Week...

Regulatory Sandbox Act

The Senate Committee on Economic Development and Tax Policy convened Tuesday afternoon to receive public testimony on SB 3, sponsored by Senator Denny Hoskins (R-Warrensburg). This legislation creates the Regulatory Sandbox Act which gives small businesses creating innovative products in all industries 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. The sponsor stated Missouri would be the first state in the region to adopt this legislation although Kentucky and Iowa have filed similar bills. Sierra Club of Missouri gave opposing testimony and stated exempting some businesses and not all from regulations would create an imbalance in the market. Testifying in support were Next Missouri, Associated Industries of Missouri, Americans for Prosperity, Missouri Chamber of Commerce and Industry, Cicero Action, Greater Kansas Chamber of Commerce, City Council of Kansas City, United WE, NFIB, and Missouri Grocers Association. Supporters stated when the state assists start-up companies it only helps the economy grow and helps attract new businesses to Missouri. The committee took no further action on the measure.

Senior Citizen Property Tax Relief Credit

The Senate Committee on Economic Development and Tax Policy convened Tuesday afternoon to receive public testimony on SB 15, sponsored by Senator Mike Cierpiot (R-Lee's Summit). This legislation adjusts the "circuit breaker" tax credit annually to account for inflation. The bill also adjusts the income a qualifying taxpayer must meet from \$27,500 or less to \$35,000 or less.

AARP, Missouri Budget Project, Paraquad, Empower Missouri, Voice Missouri, Missouri Association of Area Agencies on Aging, and Marillac Mission Fund gave supporting testimony and stated this tax credit program has not been adjusted for inflation since 2013. There was no opposing testimony presented to the committee.

Personal Property Assessments

The Senate Committee on Economic Development and Tax Policy convened Tuesday afternoon to receive public testimony on SB 8, sponsored by Senator Bill Eigel (R-St. Charles). This legislation would eliminate personal property taxes from Missouri by annually reducing the amount taxed by political subdivisions until it is completely phased out in 2073. The bill includes triggering provisions which require certain revenue levels before a reduction in property taxes may occur. The bill also allows for reimbursements for revenue levels to certain political subdivisions by the state, subject to appropriations. Committee members expressed concerns this would eventually cut essential services to citizens and expressed doubts other revenue streams would offset the cuts to property taxes.

Americans for Prosperity and several private citizens gave supporting testimony and stated their assessments have increased dramatically over the last few years and many are on fixed incomes and cannot afford the increases. Missouri Municipal League, Callaway County, Missouri Association of Counties, County Commissioners Association of Missouri, a disability advocate, Ambulance District Association of Missouri, Cottleville Fire District, O'Fallon Fire District, Developmental Disabilities Resource Board of St. Charles County, Missouri Association of County Developmental Disabilities Services, Missouri Ambulance Association, St. Charles County Ambulance District, Missouri Disability Empowerment Foundation, Missouri NEA and private citizens gave opposing testimony. Opponents stated they are concerned decreasing property taxes would decrease revenue streams available for essential and critical services provided by political subdivisions. There was also concern expressed this would inhibit political subdivision's ability to adjust to the cost of inflation and could also inhibit the ability to repay debt services. The Tax Commission gave informational testimony regarding the assessment and property tax process. The committee took no further action on the measure.

Pregnancy and Postpartum Coverage for Women

The Senate Committee on Health and Welfare convened Wednesday morning to receive public testimony on two bills relating to postpartum coverage for women. SB 45, sponsored by Senator Elaine Gannon (R-DeSoto) and SB 90, sponsored by Senator Tracy McCreery (D-St. Louis), extends MO HealthNet coverage for low-income women for the duration of the pregnancy and for one year following the end of the pregnancy. Currently, MO HealthNet coverage only covers the duration of the pregnancy and up to

60 days following the end of the pregnancy. The legislation also contains an Emergency Clause.

Missouri Baptist Convention gave opposing testimony asking the committee to amend the bill to include language which clarifies coverage begins “once the child is born.” Campaign Life Missouri, Missouri Right to Life, several physicians and private citizens, American Heart Association, Empower Missouri, National Association of Social Workers-Missouri Chapter, Kids Win Missouri, Catholic Charities in St. Louis, American Cancer Society Cancer Action Network, Missouri Catholic Conference, University Health Kansas City, Blue Cross Blue Shield of Kansas City, BJC Healthcare Systems, Cox Health, Missouri Association of Rural Health Clinics, Mosaic Life Care, Missouri Coalition Against Domestic and Sexual Violence, Missouri Kids First, Missouri Association of Osteopathic Physicians and Surgeons, Missouri State Medical Association, Missouri Nurses Association, University of Missouri Healthcare System, SSM Health, National Multiple Sclerosis Society, Pro Choice Missouri, Missouri Hospital Association, City of Kansas City, Children’s Mercy Hospital, Missouri Budget Project, Health Forward Foundation, Missouri Family Health Council gave supporting testimony. Supporters stated this legislation is essential to ensure the health of women and to move Missouri out of 42nd place for instances of maternal mortality. It was also noted extended coverage for mothers leads to positive outcomes for the infants as well. Most Policy Initiative and Todd Richardson from MO HealthNet gave informational testimony regarding maternal mortality outcomes and answer questions regarding the fiscal note. The committee took no further action on the measure.

Parent’s Bill of Rights

The Senate Committee on Education and Workforce Development convened on Wednesday afternoon to receive public testimony on two bills. SB 4, sponsored by Senator Andrew Koenig (R-Manchester) and SB 89, sponsored by Senator Ben Brown (R-Washington) both seek to expand the information made accessible on the Missouri Accountability Portal; requires local school board and charter school governing boards to approve and adopt curriculum at least two months prior to implementation; creates the Parent’s Bill of Rights which empowers parents to access records maintained by the school of which their child is enrolled; creates the Missouri Education and Accountability Portal which will provide school districts curriculum, professional development materials, and cost of materials; bars the teaching of CRT in schools and adds penalty provisions; and requires a patriotic and civics training program to be developed by the Department of Elementary and Secondary Education.

Committee members expressed concerns that the additional Education and Accountability Portal would be burdensome to teachers and administrators, could exacerbate the teacher shortage, and, currently, there is no “clear” definition of CRT within the legislation. No Left Turn in Education, Missouri Century Foundation, Show Me Institute, private citizens, and Secretary of State Jay Ashcroft gave supporting testimony. Supporters stated they want schools to focus on better academic outcomes and transparency and would appreciate easier access to the information being taught to students through an online portal. MO EEP, Missouri Council for History Education,

Missouri NAACP, Jewish Community Relations Council, PROMO, Missouri NEA, ACLU Missouri, Pro Choice Missouri, League of Women Voters, Missouri Equity Education Partnership, several retired teachers, and several students gave opposing testimony. Opponents stated the provisions within the bill would be burdensome to teachers, there are no clear definitions within the bill, and the legislation removes the focus away from the issue of teacher retention and pay. The committee took no further action on the measure.

Direct Access Physical Therapy Care

The Senate Governmental Accountability Committee convened on Thursday morning to receive public testimony on SB 51, sponsored by Senator Karla Eslinger (R-Wasola). The legislation allows direct patient access to physical therapy services without requiring a physician referral. The Missouri Physical Therapy Association supported the bill and informed committee members that physical therapy is the only service that requires a physician referral and the legislation would reduce the red tape and allow patients a more cost effective solution. Missouri Association of Osteopathic Physicians and Surgeons opposed the bill. Signature Medical Group provided informational testimony and informed committee members that they have worked with the sponsor regarding previous regulatory issues and will remain neutral as long nothing is included in the bill that would limit patients ability to continue to be treated by Signature Medical Group. The committee took no further action on the measure.

Counseling Interstate Compact for Counselors

The Senate Governmental Accountability Committee convened Thursday morning to receive public testimony on SB 70, sponsored by Senator Travis Fitzwater (R-Holts Summit). The bill adopts the Counseling Interstate Compact and the purpose of the compact is to facilitate the interstate practice of licensed professional counselors with the goal of improving public access to professional counseling services. The Associated Students of University of Missouri supported the bill and informed committee members that the demand for mental health care services for students has increased and the bill would expand access to mental health services. No opposing testimony was provided. The committee took no further action on the measure.

Federal Grant Money for Broadband

The Senate Fiscal Oversight Committee convened Thursday morning to receive public testimony on SB 25, sponsored by Senator Lincoln Hough (R-Springfield). Currently, what the Federal Government taxes or exempts, the State taxes or exempts unless the State specifically exempts it by law. The bill seeks to exempt state taxes from being collected on broadband grants that the Federal Government has administered to the State of Missouri. The sponsors intent with legislation is to help close the digital divide and provide opportunity for the deployment of broadband in rural areas. AT&T, Bluebird Network, Missouri Broadband Providers Group, Bright Speed, Wind Stream, Missouri Association of Electric Cooperatives, Missouri Cable Telecommunications Association, Missouri Relators Association, and Missouri Chamber of Commerce and Industry supported the bill. No opposing testimony was provided. The committee took no further action on the measure.

Hearings:

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

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

Key Upcoming Dates:

- 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

-End of Report-