

Flener, Matt

From: Andy Blunt <ablunt@hbstrategies.us>
Sent: Friday, March 29, 2019 9:02 AM
To: Brown, Nicole
Subject: Missouri Legislative News



MISSOURI LEGISLATIVE UPDATE

MARCH 29, 2019

Legislative Spring Break has come and gone, and the General Assembly returned to the Capitol this week. With only three months remaining in the fiscal year, the budget situation remains a concern, and the available remedies are limited. The House completed its work this week on their recommendations for the FY 2020 budget. This week's report focuses some attention on issues brought forward by initiative petitions that could end up before the voters in the 2020 ballot cycle, and some thoughts brought forth on changing that process.

BAD NEWS REGARDING REPRESENTATIVE

REBECCA ROEBER

The news began circulating around the Missouri Capitol on Monday afternoon that Representative Rebecca Roeber was involved in a serious automobile accident as she was driving Highway 50 from her Lee's Summit home to Jefferson City for the legislative session on Monday.

On Tuesday morning news reports indicated that Representative Roeber was in critical condition at University Hospital in Columbia as a result of the accident. Later in the week in published reports her status was upgraded to serious. On a posting on Facebook, a note from her husband stated that she had initial surgery on serious damage to her legs, and from the posting it is apparent that she will have multiple more surgeries for other broken bones.

At the Wednesday hearing of the House Education Committee, which Representative Roeber has chaired, it was noted that Representative Curtis Trent had been appointed by Speaker Elijah Haahr to the committee to fill the open spot on the committee (but not the position of Chair) as Roeber will not return to her Committee this legislative session. Representative Chuck Basye is the committee Vice Chair and will maintain that position but will run the committee for the remainder of the session.

Best wishes for a return to good health for Representative Roeber.

WEDNESDAY DISCUSSION OF INITIATIVE PETITIONS

On Wednesday the House Elections Committee heard ten bills that in various ways would change/reform the initiative petition process. Testimony was given by Secretary of State Jay Ashcroft, amongst others advocating in favor or against the changes. Ashcroft's testimony noted some of the unintended consequences of the current initiative laws, including the possibility that the electorate ends up possibly changing the Constitution. It should be noted that a late March hearing on a controversial issue is normally not a sign that change is imminent. Also, Democrats in the legislative minority in both chambers along with the State Democrat Party have used the initiative process as a way to advance their agenda on issues such as the State minimum wage, and therefore are unlikely to support changes to that process.

Below a few upcoming initiative petitions will be discussed that are currently in process under existing law. Since the certification process for initiative petitions for the 2020 election cycle has already begun, and a number of petitions have already been approved for circulation, it seems very likely that any changes if adopted would not impact the process until the 2022 election cycle at a minimum. In the short term, things appear likely to stay the same.

NEW ROUND OF INITIATIVE PETITIONS—MEDICAID EXPANSION

It is pretty widely known in political circles that there are few barriers to filing an initiative petition, which effectively allows those filing petitions to shop their ideas, while putting a great deal of pressure on the

offices of elected officials to complete the process of approving the form of the petitions for circulation, as well as completing the fiscal note and the ballot language. Even though the low barrier for filing initiative petitions has been criticized by many, the process remains unchanged at this time.

One of the issues where currently two proposed initiative petitions have been filed is petitions to expand Medicaid to 133% of the federal poverty level. The filer of the petition is Dr. Heidi Miller, a well-known physician in the City of St. Louis who has been an outspoken advocate for expanding health care to more low-income Missourians.

As noted earlier, the limited time that the elected officials have to provide the ballot language and fiscal note, and these two petitions really show the difficulty encountered by elected officials, and in particular the State Auditor, who prepares the fiscal note. This issue of Medicaid expansion will bring up the arguments of whether only the direct costs of providing Medicaid to those newly eligible need to be addressed in the fiscal note. The alternative to the approach to the fiscal note, as advocates for Medicaid expansion have argued in the past, is also looking at the impacts of bringing higher federal match rates for Medicaid to the State, and arguably creating jobs in the healthcare industry that generate tax revenue to the State that might offset the costs.

This process will be a classic view of the political laboratory, as two Republican elected officials, Secretary of State Jay Ashcroft and Attorney General Eric Schmitt, will look at the form of the petition and the ballot language, while Democratic State Auditor Galloway will craft the fiscal note.

What the fiscal note by Auditor Nicole Galloway says about the cost of the petition for Medicaid expansion and its impact on state revenues will likely affect the fate of whether this petition gets circulated for signatures and is put before the voters in 2020.

INITIATIVE PETITIONS—ST. LOUIS CITY/ST. LOUIS COUNTY CONSOLIDATION

A group called Better Together, funded by political activist and super-donor Rex Sinquefield, has been working on a plan to consolidate the governmental operations of the City of St. Louis and St. Louis County. The lawyer who has filed the current petition with the Secretary of State is Chris Pieper, formerly Chief of Staff for Governor Jay Nixon.

Whatever the barriers to filing initiative petitions are in the future, this group would appear to have unlimited funds, no matter what the cost may be. Sinquefield had in the origins of the group Better Together pledged \$20 million to the effort.

Those in political circles in St. Louis roundly push back on the idea of a statewide election to determine what happens with governance in a small geographic section of the eastern part of Missouri. It is too early to determine if the initiative petition that was filed is a true effort to place the issue on the 2020 ballot or is simply a way of applying leverage on the St. Louis political players who might greatly oppose the idea of a city/county merger.

It will be interesting to see how the three elected officials involved in initiative petitions decide the fiscal cost and the ballot language. Again, for Auditor Galloway, a fiscal note that shows either large costs or large savings if passed could be very telling for the possible success of this petition moving forward.

BETTER TOGETHER—LEGISLATION

There were also hearings in the Missouri House General Laws Committee this week on bills linked to the actions by Better Together. Many of the bills considered would attempt to layer a local St. Louis City and St. Louis County vote on top of any statewide vote by initiative petition that would force the consolidation of the governments in those areas.

House Joint Resolution 54, sponsored by House General Laws Chairman Dean Plocher (who will likely control the House action on this issue) essentially requires an affirmative vote for consolidation in both the City of St. Louis and in St. Louis County, and also bars any required consolidation without such a vote.

This issue will clearly play out in both the initiative process and in the General Assembly as the 2020 elections are on the horizon. A resolution similar to HJR 54 could still pass in the 2020 legislative session if the Better Together initiative petition in fact advances and signatures are potentially turned in to certify the issue for the ballot.

REVENUE CONCERNS CONTINUE

With March nearly complete, concern over the decline in state revenues year to date continue. Through the close of business on Wednesday, March 27, year to date revenues are -4.32%, or \$287 million below the collection level of a year ago. It is important to note that the consensus revenue estimate for FY 2019 is +1.7%, or approximately +\$165 million growth. If one adds the year to date shortfall of \$287 million to the \$165 million anticipated growth, that would equate to \$452 million in additional receipts needed in the roughly last quarter of FY 2019 in order to hit the revenue estimate.

Some budget observers believe that final revenues will be below the FY 2019 revenue estimate. Regardless of your position on how you think the revenues come in, the answer will be known within the next 45 to 60 days.

If a shortfall should occur, it will make cuts probable to the FY 2020 budget that is currently progressing through the General Assembly and is discussed below.

THE FISCAL YEAR 2020 BUDGET PASSES HOUSE

The Fiscal Year 2020 budget recommendations from the House Budget Committee were largely passed untouched by House floor action this week. The budget bills were third read on Thursday and now move on to the Missouri Senate for consideration. The Fiscal Year 2020 budget assumes that the revenue estimate of +1.7% is met this year, and then that number is increased by 2% revenue growth in FY 2020, as called for in the consensus revenue estimate adopted in December 2018.

It appears that the General Assembly and the Governor, the key players in developing the consensus revenue estimate, will not revisit that consensus revenue estimate in the next few months, even if FY 2019 revenues look like they could be short of the estimate. It is reasonable to believe that the Senate budget process will continue to utilize the assumption that the growth of +1.7% for FY 2019 will be reached, and then +2.0% will be reached.

This means that addressing any actual revenue shortfall in FY 2019 and FY 2020 will likely fall to the Governor in June when he signs or line-item vetoes the appropriation bills. A significant shortfall of, for example, revenues growing by -2% instead of +1.7% would equate to a shortfall in actual revenue in FY 2019 of over \$300 million. Since there have been no extraordinary withholdings in the fiscal year, any shortfall would have to come from the current cash balance, which also has about \$275-\$300 million in carryover from FY 2018.

In the short term some level of shortfall could be covered with cash balance, but then at least a comparable amount would have to be shaved from the FY 2020 budget.

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From: Andy Blunt <ablunt@hbstrategies.us>
Sent: Friday, April 5, 2019 8:52 AM
To: Brown, Nicole
Subject: Missouri Legislative Update



MISSOURI LEGISLATIVE UPDATE

APRIL 5, 2019

Spring has sprung with the hint of warmer Missouri weather this week in Jefferson City, and action in the 2019 General Assembly has also started to heat up. Concerns regarding state tax revenue continue, while the State Auditor released another strong critique of the embattled Missouri Department of Revenue. Charter schools took center stage for a day in the Missouri Senate, and that bill's progress could impact future legislation. Abortion and gaming expansion also were key issues in the news this week. Only six weeks remain in the 2019 legislative session.

GUBERNATORIAL APPOINTMENTS

There were a few appointments of note carried over from last week's committee meeting that were included in this week's report that were confirmed. Those include: Former Senator Brian Munzlinger to the Board of Probation and Parole and Barry Orscheln to the Missouri Conservation Commission.

STATE AUDITOR CRITICIZES DOR

On Tuesday State Auditor Nicole Galloway released an audit that was highly critical of the Department of Revenue, based this time on the release of the 2019 revised individual income tax withholding tables. The tables this time needed revision to lower the top tax rate to 5.4% (combination of SB 509 second tax cut and HB 2540 from 2018), and to phase out the deductibility of HB 2540 to help pay for the tax cut.

It was noted in published reports that the Department of Revenue responded to the audit on the 2019 withholding changes on March 18, but DOR did not publicly tell the House Special Committee on Governmental Oversight of the forthcoming audit. This could create yet another opportunity for the Committee to call DOR back on the carpet for even more criticism. Chairman Representative Robert Ross has consistently expressed his frustrations at DOR.

STATE CASH FLOW ISSUES

During the month of March 2019 Missouri borrowed cumulatively the full amount of money that can be used for cash flow (about \$500 million) from the constitutional Budget Reserve Fund for cash flow. That fund must be repaid the borrowed money with interest by May 15, 2019, and it is unavailable for borrowing for cash flow purposes from May 15 until June 30. This provision was enacted by the provision changing the Constitution so that the State could not hide a budget problem by characterizing the borrowing as a cash flow problem.

Average daily cash balances in the past few weeks in the General Fund, after borrowing \$500 million, were in the \$180 million to \$350 million range. That balance means that during that period, if the \$500 million were to be repaid, the cash balance would need to be negative by about \$150 million to \$350 million.

The assumption of this cash management process by the State is that tax revenues coming through the door on April 15, 2019 will make everything right. In that scenario, the Budget Reserve Fund is repaid, and there is adequate cash balance to timely pay all the bills after May 15 through June 30.

SENATE DEBATES CHARTER SCHOOLS

On Tuesday afternoon/evening the Missouri Senate took up Senate Bill 51, sponsored by Senator Bill Eigel, which would expand the use of charter schools to a charter county or a city with a population of greater than 30,000, amongst other provisions. After nearly eleven hours of debate the bill was laid over after a bipartisan filibuster.

This bill and the debate over education scholarship accounts (referred to by the education establishment as vouchers) are important in the manner that they potentially impact other priority legislation. Senator Eigel and Senator Andrew Koenig, amongst others, have signaled that if their priorities do not get attention and strong consideration, they are willing to hold up other legislation, such as the Governor's jobs and economic development package. Charter schools and education savings accounts are amongst their priorities.

It is too early to call this an absolute stare-down, but it certainly looks as if these issues and retaliatory roadblock could be in play in the Senate.

KANSAS CITY MAYORAL RACE

In the "elimination" primary for Mayor of Kansas City and amidst a very crowded primary field, former State Senator and current City Councilwoman Jolie Justus and City Councilman Quinton Lucas were the two candidates to survive the primary and thus will be on the ballot in June in a head to head matchup. Justus had nearly a quarter of the vote, while Lucas had about 21%.

SENATE ACTION ON FY 2020 OPERATING BUDGET

The Senate Appropriations Committee did not meet publicly this week to perform any mark-up activity on the Fiscal Year 2020 budget. There are now only five weeks (the budget must be done by Friday, May 10 at 6:00 PM) remaining and the Senate still needs to develop their position on the state operating budget in committee and on the floor before they get to work with the House on the final budget differences in a conference committee. The idle week also gives them more time to see what happens with revenue collections, as the April 15 filing deadline approaches.

The Senate Appropriations Committee plans to do their mark-up next week (at this time it appears they will begin on Tuesday) and it appears likely that the Senate will "stay the course" and budget with the current consensus revenue estimate.

CONFERENCE COMMITTEE ON SUPPLEMENTAL APPROPRIATIONS BILL

The Conference Committee on the supplemental appropriations bill for Fiscal Year 2019 met on Thursday after adjournment to iron out minor differences between the House and the Senate. This bill should pass both chambers next week.

ABORTION BATTLE ON THE HORIZON

The major anti-abortion bill for this legislative session, House Bill 126, sponsored by Representative Nick Schroer, was heard on Wednesday in the Senate Health and Pensions Committee, which is chaired by Senator Bob Onder. The room was packed and the testimony was riveting for the most part. Much of the testimony in support for the restrictive language in the bill was from women who had abortions in the past and have since regretted their decision to terminate their pregnancy.

Representative Schroer told the Committee that the intent of the bill was, if *Roe vs. Wade* is ever overturned, to make Missouri a "heartbeat state". A "heartbeat state" means that the state law would say that life begins when a heartbeat can be detected in a fetus.

The importance of this issue to legislative leadership in the Republican Party was underlined by the presence in the doorway to an adjacent hearing room of House Speaker Elijah Haahr, who was intensely watching Schroer's testimony.

This issue when it reaches the Senate floor will likely set off of very intense debate between pro-life Republicans and pro-choice Democrats.

SPORTS BETTING ON THE SENATE FLOOR

Another hot issue that took up time in debate on the Senate floor this week was Senate Bill 44, which in its initial form would have authorized and regulated sports betting. The underlying original bill is Senate Bill 44, sponsored by Senator Denny Hoskins.

Senator Hoskins ultimately put forth a Senate Substitute for SB 44, and the substitute included an expansion of the scope of the bill to explicitly declare illegal so-called grey market machines (machines that look like video-gambling machines in bars and fraternal organizations), and authorizing the legalization of video gambling terminals in truck stops and fraternal organizations.

There was extended debate on the bill this week, but ultimately it was laid over onto the informal calendar for perfection. It appears likely that this bill will come up for further debate in the coming weeks.

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Flener, Matt

From: Andy Blunt <ablunt@hbstrategies.us>
Sent: Friday, April 12, 2019 10:13 AM
To: Brown, Nicole
Subject: Missouri Legislative Update



MISSOURI LEGISLATIVE UPDATE APRIL 12, 2019

Senate Appropriations activity took center stage this week as mark-up began in that important committee. The transportation bonding issue got some time on the Senate floor and late in the week signs of a possible compromise. Revenues continue to lag as time is running out in the fiscal year. The difficulty in resolving the policy issues for taxing internet sales and further tax cuts became obvious in the Missouri House. Errors in the 2018 withholding tables were the subject of a House-passed bill this week. We now have five weeks of the 2019 legislative remaining.

SENATE MINUS ONE SENATOR THIS WEEK

The Senate was without a key member this week, as Democrat Senator Kiki Curls was recuperating in Kansas City from recent rotator cuff surgery. The word in the halls is that Senator Curls will attempt to

be back in the Capitol early next week. Get well Senator Curls.

SENATE APPROPRIATIONS MARKUP

The Senate Appropriations Committee convened on Tuesday and Wednesday this week and made it through the first round of markup on the operating appropriations bills. The budget process continues to assume that the consensus revenue estimate will be reached in both FY 2019 and FY 2020.

The Committee plans on taking up open items next Tuesday and will then likely vote the Committee Substitute bills out later in the week. Much of the time this coming week is devoted to going back through the bills to address the "open" budget items, including getting final numbers for open Medicaid expenditures next year based upon year to date expenditures. The Senate Appropriations Committee also has to insert language as deemed appropriate to outline their intent on numerous funding items.

REVENUES CONTINUE TO LAG

The hopes for an April "catch-up" in revenue collections are intensifying with each passing day, as the revenue situation could put the state in a compromised position in terms of managing the budget in the coming months.

As of April 10, year to date collections were -3.92%, or a shortfall from a year ago of about \$271 million. The consensus revenue estimate would require growth of an additional \$165 million to reach the +1.7% growth estimate. If one adds those two numbers together, the result is a shortfall of about \$436 million.

WHAT WILL THE GOVERNOR DO?

It appears that the Governor is holding out hope that April 15 payments will give an enormous lift to the dismal year to date collection numbers. It is anyone's guess as to what those revenues look like until sometime after the April 15 payments are made.

Even assuming some relief comes, the hole could be challenging. Let's assume that payments kick up by an additional \$50 million. That would still mean that the \$436 million shortfall calculated above would become a \$386 million shortfall. That is still an enormous hole to fill, and the largest available tool, withholdings, is generally much more challenging this late in a fiscal year.

It is reasonable to believe that Governor Parson and his budget staff are gaming out what the options are depending on what the final revenue numbers become.

WITHHOLDING ISSUES AGAIN

This week the Missouri House took up and passed House Bill 1094, sponsored by Representative Dean Dohrmann. This bill allows taxpayers some relief from interest and penalties due to the withholding errors in the 2018 original withholding tax tables for individual income taxes, which has been chronicled in previous newsletters.

House Bill 1094 allows taxpayers to set up a payment plan to pay taxes due, and the bill also defers the interest and penalties on such a payment plan if a return has been filed.

The interest would be deferred until May 15, 2019. This bill is likely to pass in some form this legislative session.

SENATE FLOOR ACTIVITY ON TRANSPORTATION BONDS

On Tuesday the Missouri Senate engaged in a debate/filibuster on Senate Concurrent Resolution 14, the resolution that would authorize the Office of Administration to enter into a financing agreement with MODOT in order to issue bonds for the Governor's bridge program.

Senate President Pro Tem Dave Schatz offered a Senate Substitute for the resolution that would reduce the term of the bonds to seven years to decrease the amount of interest payments over the term of the bonds. That change did not budge the opposition, which was primarily led by members of the Conservative Caucus, who simply filibustered the resolution.

After nearly twelve hours of debate the resolution was laid over, but on Thursday at noon a new bonding proposal was put before the Missouri Senate by Pro Tem Schatz. The revised resolution makes these changes:

- Changes the number of bridges from 250 to 215;
- Changes the years of the Statewide Transportation Improvement Program from "2020 to 2023" to "2020 to 2024";
- Changes the amount to be bonded from \$351 million to \$301 million;
- Begins payments on July 1, 2020;
- Removes language limiting the amount of appropriations from General Revenue to the State Road Fund for debt service payments;
- Adds language delaying the effectiveness of the resolution until the Missouri Department of Transportation accepts a grant from the federal government for road and bridge purposes. The last provision effectively links the bond package to receiving federal funds for the Rocheport bridge over the Missouri River on Interstate 70.

The resolution now awaits a final roll call vote before heading to the House for consideration.

WAYFAIR LEGISLATION IN THE HOUSE

The House this week took up for perfection House Bill 548, the bill sponsored by Representative J. Eggleston that would make changes to the taxation of internet sales and use the increased revenue for tax cuts to the individual income tax. As previously noted, the bill would only deal with the state sales/use tax and would not impose the internet sales/use tax on taxes authorized at the local level. The United States Supreme Court decision that allows taxation of internet sales is commonly referred to as the Wayfair decision.

This bill is an example of the difficulty involved in reaching a consensus on these difficult policy issues. There is a core of conservative Republicans that would view the application of this tax as a tax increase. There is a core of Democrats that think no further tax cuts should occur. There are a myriad of other objections to how the whole process would work, including the lack of imposing the local sales/use taxes.

On perfection on Tuesday the roll call vote on perfection was 78-72, which is short of the required 82 votes (a majority of the 163 members) that is required for third reading.

On Thursday morning House Bill 548, which was scheduled for third reading, was placed on the informal calendar for third reading, which is a little unusual. It likely is an indication that the bill was short of the 82 votes needed for passage.

WAYFAIR IN THE SENATE?

There is some talk in the hallways that part of the transportation bonding compromise in the Senate involved some accommodation to the Conservative Caucus that a Wayfair/Tax Cut bill might move forward. Information on the details around the transportation deal will likely become more apparent in the days ahead. Stay tuned.

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From: Andy Blunt <ablunt@hbstrategies.us>
Sent: Friday, April 19, 2019 8:52 AM
To: Brown, Nicole
Subject: Missouri Legislative Update



MISSOURI LEGISLATIVE UPDATE

APRIL 19, 2019

With only 5 weeks before the end of the 2019 legislative session there were many issues discussed but with little resolution. A number of controversial bills were taken up for debate primarily in the Senate, but most were ultimately laid over for the time being, possibly to be resurrected in the coming weeks. Local control of property rights and regulation of animal production facilities were amongst the controversial issues debated in the upper chamber. The April 15 tax filing deadline thus far has not brought any significant relief to the revenue situation. The Missouri Supreme Court affirmed the right of Governor Parson to appoint Mike Kehoe as Lieutenant Governor.

COMINGS AND GOINGS

Steve Corsi, Director of Social Services, announced that he is leaving his position and will be taking a job with a faith-based non-profit.

KEHOE APPOINTMENT AFFIRMED

The Missouri Supreme Court this week upheld the authority of Governor Parson to appoint a Lieutenant Governor as his replacement when he ascended to the position of Governor in June 2018. A lawsuit was filed soon after the appointment of current Lieutenant Governor Mike Kehoe. Kehoe had been serving in the position pending the Supreme Court decision.

FIRST SENATE FORAY INTO TITLE IX

Wednesday evening in the Missouri Senate brought the first debate on the issues relating to Title IX complaints and investigations at both public and private colleges and universities in Missouri. Included in Title IX federal regulation is the process for determining whether complaints of various forms of sexual harassment/discrimination on campuses have merit.

Senator Gary Romine brought forward Senate Bill 259, which would bring state involvement into the Title IX process. The SS SB 259 did include a provision that attempted to address higher education institutions that are religious in nature, however the language did not appear to go far enough to placate many of the concerns from faith based colleges and universities.

The bill allows Title IX appeals to be heard by the State Administrative Hearing Commission, which typically adjudicates actions by state agencies before they can then go to Circuit Court. Many believe that is a strange place for these cases to go.

Arguments against the new process included Senator Jamillah Nasheed saying that the new process would favor those with the money to access the legal system, and disadvantage those with little money to hire lawyers to navigate the process.

After nearly 6 hours of floor debate and well into the early morning hours SS SB 259 was laid over, but it is reasonable to believe that this issue will come up at least one more time in the Senate and possibly in the House..

SENATE APPROPRIATIONS COMMITTEE

The Senate Appropriations Committee continued its work this week in finalizing their committee work on the Fiscal Year 2020 budget, and it is likely that those appropriations bills will occupy a good chunk

of precious floor time in the Senate next week. Keep in mind, next week is a short week anyway as the legislature is idle on Monday as a result of Easter weekend.

FEDERAL REIMBURSEMENT ALLOWANCE

SCS SB 29, sponsored by Senator Dan Hegeman, was brought to the Senate floor this week for debate, and was then also laid over on Wednesday afternoon. SCS SB 29 is the so-called FRA (Federal Reimbursement Allowance) bill, which means it reauthorizes the various provider taxes that help to fund the state share of the Medicaid program. The passage of the FRA bill by the legislature is essentially mandatory, as the current provider taxes have expiration dates and will continue only if reauthorized.

The controversy in the bill that caused it to be laid over is the addition in the SCS of authorization to impose a new provider tax on Medicaid managed care plans, as well as private HMO plans. Around 2008, Missouri had a provider tax that was paid by only the Medicaid managed care plans, however, changes in federal law required that any such tax also had to be applied more broadly to include private HMO plans. The new provision in the SCS attempts to change the law to meet that requirement, but that change also creates problems for the bill.

Parts of the fiscal note for SCS SB 29 indicate that approximately 70,000 people covered by employer sponsored private HMO's would be subject to the tax, and that provision is not well received by members of the Senate Conservative Caucus. That Caucus has indicated that they will support no new taxes of any kind.

Since SCS SB 29 must pass in some form this session, the tea leaves would seem to indicate that this provision could likely come out of the bill at some point in order to get a clean reauthorization bill through the Senate.

CONTROLLED ANIMAL FEEDING OPERATIONS (CAFO)—SENATE

This week Senate Agriculture Committee Chairman Mike Bernskoetter (R-Cole) brought up Senate Bill 391 before the full Senate for consideration, which deals with the issues of CAFO regulation and whether local health departments' county commissions can impose local restrictions more stringent than state rules on CAFO operations in their governmental jurisdiction.

This issue was debated for several hours before being laid over on the Informal Perfection Calendar. Prior to that action, Senate Democrats had raised issues about neighbor notification, and offered an amendment to expand the area in which neighbors would qualify for being notified.

EMINENT DOMAIN—HOUSE

Another issue dealing with local powers was raised on Wednesday with debate over House Bill 1062, which deals with the powers of eminent domain for private entities that do not provide electricity to Missouri end users.

This issue deals with the Grain Belt Expressway, a project recently approved by the Missouri Public Service Commission that would authorize construction of a transmission line in eight counties in northern Missouri that proposes to transmit solar energy power through the state without the power being used in Missouri.

The controversy involves the issue of whether the project could utilize eminent domain for this project, a use for which Lieutenant Governor Mike Kehoe spoke in opposition during a Capitol rally on the issue.

The fate of this bill clearly lies in the hands of the Missouri Senate, as there was strong support for the measure in the Missouri House.

STATE GENERAL REVENUE COLLECTIONS CONTINUE TO LAG

There has been some improvement in the flow of daily General Revenue collections in mid-April, but it is possible much of that improved flow is simply a function of the calendar. April 15 fell on a Monday in 2019, while a year ago the same Monday was April 16. The revenue collection comparison is by calendar day.

Therefore, the flow of days of significant collections after the April 15 tax filing deadline is sooner this year than a year ago, which can make month to date collections look better than they looked a year ago (+49.51% growth for April 2019 through April 17, 2019). But ultimately the calendar catches up to itself and collection growth tends to level itself out.

Likely the best recommendation for revenue watchers is do not get too excited by peaks and valleys in daily collections. Wait until the end of the month to make any informed judgments on where revenues stand.

SENATOR CIERPIOT SPEAKS OUT

On Monday, many capitol observers were surprised when Republican Senator Mike Cierpiot, the well-respected former Majority Floor Leader in the Missouri House, rose to raise concerns about the Senate

Republican Conservative Caucus' activities on certain legislation, and what he considers inconsistencies in how that Caucus is approaching policy issues.

In an interesting and sometimes uncomfortable exchange, Conservative Caucus member Senator Denny Hoskins had a testy exchange with Cierpiot over his comments, and Hoskins and other Senators were also questioning why the discussion was happening in the openness of a Senate floor discussion and immediately following a compromise on the bonding resolution for roads and bridges.

While this discussion was notable in that it occurred in the open and raised tensions, it does reflect the challenges of differing viewpoints that any majority caucus deals with at times. It seems reasonable to assume that this tension will be ironed out in the coming weeks, but it is worth noting as it could impact the flow of legislation in the coming weeks.

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Flener, Matt

From: Andy Blunt <ablunt@hbstrategies.us>
Sent: Friday, April 26, 2019 8:43 AM
To: Brown, Nicole
Subject: Missouri Legislative Update



MISSOURI LEGISLATIVE UPDATE

APRIL 26, 2019

The end of this week in the General Assembly leaves only three weeks before the 2019 legislative session is completed, and two weeks for the Constitutional completion of the state budget. Revenues picked up in the latter part of April, but the final revenue picture for FY 2019 is still incomplete. Some clarity was added to the reauthorization of the healthcare provider taxes (the so-called FRA). The Missouri House spent considerable floor time dealing with the initiative petition process, as well as the ramifications of Clean Missouri from the 2018 election cycle. The sprint to the finish has begun.

VIETNAM VETERANS HONORED

Thursday morning brought a moving rally in the first and third floor Capitol rotundas, specifically honoring those Missouri veterans who served in the Vietnam War. The highlight of the event was a

very spirited speech by Missouri Governor Mike Parson, who spoke on behalf of all veterans. It was a well-attended and emotional event.

TITLE IX ISSUE BLOWS UP

Title IX is the federally mandated process which (among other things) deals with how complaints about sexual misconduct are handled on the campuses of colleges and universities. Title IX reform has been a hot topic in the Capitol since the formation of a not-for-profit called Kingdom Principles by lobbyist Richard McIntosh earlier this year. It is important to note that complaints regarding Title IX cases are to be absolutely maintained as confidential closed records, in accordance with federal law.

It has been widely reported that one of the main funders of Kingdom Principles was David Steward, the founder of World Wide Technologies, for whom McIntosh is a lobbyist.

This week the public profile of Title IX reform went to a whole new level when a Kansas City Star article by Capitol correspondent Jason Hancock reported that part of the motivation for reform was that McIntosh's son had been expelled from Washington University in St. Louis pursuant to resolution of a Title IX complaint.

The new process for Title IX investigations under legislation supported by Kingdom Principles would put the process through the Missouri Administrative Hearing Commission, the current chairman of whom is McIntosh's wife.

The Capitol is not easily shocked, but there were certainly a number of elected officials expressing shock when this story became public. The story certainly has the potential to affect this issue for the remainder of the legislative session.

SOME CLARITY ON FRA REAUTHORIZATION

The worst kept secret in the Missouri Capitol is that the healthcare provider taxes, frequently referred to as the Federal Reimbursement Allowance or FRA, have to be reauthorized by passing legislation to extend the program. The various provider FRAs provide in excess of a billion dollars in state match for the Medicaid program, and failure to reauthorize would create a massive hole in the Medicaid program and in the State budget.

The Senate Committee Substitute for Senate Bill 29 contained not only a two-year extension of the FRA, but also a managed care tax that taxed not only Medicaid managed care, but also commercial HMO products. The latter provision brought the ire of Senator Bill Eigel and other members of the Senate Conservative Caucus, who are opposed to tax increases.

After extensive debate on Tuesday evening, sponsor of SCS SB 29 Senator Dan Hegeman stripped

the bill down to a simple one-year extension for the FRA, and the bill was then perfected.

On Thursday morning, the House Budget Committee met and addressed the companion bill, House Bill 1053, which was passed out of the Committee with a two-year extension. The path here looks to be a "clean bill" that changes the sunset date to either one year or two years.

THE STILL-DEVELOPING REVENUE SITUATION

Collections after the April 15 tax filing deadline accelerated in the latter part of April, but it is important to point out that the end of April should provide some additional clarity on where the State stands with revenue collections for FY 2019, however, the real answer may not be truly known until the final day of FY 2019, which is June 30, 2019.

Part of the problem with getting clarity is the issue of the Department of Revenue implementing a new tax collection system a year ago, which has made the year to year comparisons of revenues difficult. For example, April revenues through April 24, 2019, were +60.12% for the month, which brought year to date collections to +2.06%. That looks great.

But a year ago, after April 24, the state deposited \$350 million into the Treasury between April 25 and April 30. That big jump in collections late in April a year ago reflected problems earlier in the month in processing tax collection payments. When revenue collections start comparing year to year with those numbers, the positive collections for the month of April 2019 will likely remain somewhat positive, but for the year it is possible they could still slide back into negative territory.

More data is needed to make any definitive conclusions on where final collections will land.

SENATE BUDGET

The Senate budget process continued to utilize the consensus revenue estimate for FY 2019, which may or may not be reached when the fiscal year ends on June 30, 2019. Both the House and Senate budget recommendations then assume 2% growth in revenues for FY 2020.

With those assumptions in place, the Senate this week perfected the Senate budget bills, thereby setting themselves up in timely fashion to pass the bills back to the House and begin the conference committee process. The budget process, as prescribed in the Missouri Constitution, must be completed this year by 6:00 PM on May 10 and is on pace to meet the deadline.

BORDER WAR BILL ADVANCES

Senate Bill 182, sponsored by Senator Mike Cierpiot, passed the Missouri House this week. This bill is the so-called Border War bill, and is intended to lay the groundwork in the tax incentive battle between Missouri and Kansas, where both states have offered incentives for existing businesses to relocate across the state line with incentives that ultimately create no net new jobs for the region.

In recent years, legislation was passed by the Missouri General Assembly, but no resolution was ever reached with Kansas. This legislation authorizes Governor Parson and his leadership team to attempt to reach such a disarmament in the Border War.

GOVERNOR PARSON SETS SPECIAL ELECTIONS

Governor Mike Parson this week set two special elections for November 2019 to fill the House seats vacated by former Representative Scott Fitzpatrick, who was appointed State Treasurer, and former Representative Jean Evans, who left her House position to lead the Missouri Republican Party.

The two special elections will occur on November 5, 2019.

INITIATIVE PETITION PROCESS

One of the major policy issues that has been widely discussed in previous publications is the ease of filing and obtaining certification for initiative petitions, which has resulted in a proliferation of ballot issues filed through the initiative process.

This week the Missouri House took up and passed House Committee Bill 10, sponsored by Representative Dan Shaul, which attempts to change/reform the initiative process. Missouri Secretary of State Jay Ashcroft has publicly spoken in support of initiative petition reform.

This legislation requires a \$350 refundable filing fee, as well as a \$25 per page charge for petitions filed in excess of ten pages.

While the bill was passed by the House and sent to the Senate, it could face a much more uphill battle in the Missouri Senate, where Senate Democrats will likely try to derail any attempt to change what they see as a viable alternative to the legislative process.

CLEAN MISSOURI CHANGES

One of the Democratic backed initiative petitions that passed in 2018 was the so-called Clean Missouri initiative, which was sold primarily to the public as limiting lobbyist meals and gifts, but also had the more subtle and less publicized substantive changes to processes for redrawing legislative districts

each decade. That new process put a great deal of power in the hands of the State Demographer, a provision that had many Republican leaders calling foul in terms of a massive shift in power in that process.

This week the House took up and perfected House Joint Resolution 48, sponsored by Representative Dean Plocher. This legislation would completely ban all lobbyist gifts, which are currently limited to five dollars per occurrence after Clean Missouri. Additionally, the legislation would repeal the new redistricting provisions adopted with Clean Missouri.

This legislation is certain to get lively debate if/when it makes its way to the floor of the Missouri Senate. Since it is a Joint Resolution, the measure if passed would go to a statewide vote of the people, presumably in 2020.

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Flener, Matt

From: Andy Blunt <ablunt@hbstrategies.us>
Sent: Friday, May 3, 2019 8:53 AM
To: Brown, Nicole
Subject: Missouri Legislative Update



MISSOURI LEGISLATIVE UPDATE

MAY 3, 2019

Two weeks remain in the 2019 legislative session, and the pace of activity is picking up. There were two late nights in the Missouri Senate, with one lasting until about 7:30 AM on Tuesday. It is still too early to tell where final state revenues will land at the end of June 2019, although April collections made a big comeback and ended at nearly +3%. A few key issues were delayed and now become topics that must be dealt with in the final two weeks. The St. Louis County Executive was indicted and resigned his office, and a successor was quickly elected by the St. Louis County Council.

HOUSEKEEPING

Here is the probable schedule for the newsletter update in the next few weeks. There is talk that the General Assembly will work on Friday of next week (May 10). If that is true it is likely the newsletter will reach you late on Friday afternoon or early Friday evening. If the General Assembly is not working on

Friday, expect a normal newsletter release.

The following week, May 17 is the last day of session and the General Assembly ends at 6 p.m. Look for the final weekly newsletter of the session to be out by no later than Tuesday, May 21.

PREScription DRUG MONITORING PROGRAM

While the PDMP bill was rumored to be on the Senate House Bills for Third Reading Informal agenda this week, nothing actually occurred on House Bill 188 this week. Stay tuned for further updates.

ST. LOUIS COUNTY EXECUTIVE INDICTED AND RESIGNS

There was a political tremor emanating from St. Louis County this week with the indictment (and eventual resignation) of Democratic St. Louis County Executive Steve Stenger. The indictment reads like the script of a tv crime series, with Stenger playing the bad guy who says and does anything with the belief that no one will ever find out, unless of course those phone calls were being recorded and the text messages are being transcribed by the federal government, as witnessed by the details of the indictment.

The allegations against Stenger, which appear to have very significant documentation to prove them, is that Stenger was trading governmental contracts for campaign contributions. In one instance Stenger directly ordered a County agency to provide a "no work required" contract through a political donor's contract for a former political consultant.

After Stenger's resignation, former State Representative Sam Page, the Chairman of the St. Louis County Council, was elected by the Council to take Stenger's position as County Executive.

Here is a link to the actual indictment:

<https://bloximages.newyork1.vip.townnews.com/kmov.com/content/tncms/assets/v3/editorial/a/32/a32cbe16-6a88-11e9-b097-0f7698933731/5cc7061ce4225.pdf.pdf>

BETTER TOGETHER

The resignation of County Executive Steve Stenger dealt a body blow to the efforts of Rex Sinquefield and his Better Together group regarding their planned initiative petition drive to merge the City of St. Louis and the municipal and county government in St. Louis County. Stenger, in the first round of initiative petitions filed by Better Together, would have been the designee as the first Mayor of the combined entity if the petition was approved by the voters. His exit under the clouds of an indictment and resignation does not help the momentum surrounding Better Together.

In the Missouri House this week Senate Joint Resolution 54, sponsored by Representative Dean Plocher, was third read and sent to the Missouri Senate. SJR 54 would appear on the 2020 ballot, and that ballot issue would require that any merger of governments in St. Louis occur only after approval by voters in the merged areas. This measure has bipartisan support, and this Resolution has a chance to make its way through the Senate and be placed on the 2020 ballot.

BUDGET CONFERENCE COMMITTEE PROCESS

The process for the Conference Committee on the FY 2020 budget also did not move forward much this week, in part due to the two late nights working in the Missouri Senate. While there has been some informal meetings between the committee chairmen, the Conferees will get to work in earnest next week. There is still plenty of time for the Conference Committee to complete their work by the 6:00 PM May 10 Constitutional deadline.

CAFO LEGISLATION GETS EXTENDED DEBATE

On Monday afternoon, evening and into Tuesday morning, the Senate worked on Senate Bill 391, sponsored by Jefferson City Senator Mike Bernskoetter. Senate Bill 391 attempts to preempt local regulation of Concentrated Animal Feeding Operations (CAFOs). In many instances the local regulation is intended to keep the CAFO from actually locating in that county, as the regulation in excess of the state requirements comes from the County Commission or the County Health Department.

This debate lasted until about 7:30 a.m. on Tuesday morning, when the bill was ultimately perfected. Key amendments to the bill included expanding the buffer zone around the CAFO operations for notification of neighbors, establishing a Joint Committee on Agriculture, and outlining the distances for liquified manure that is surface applied from property boundaries, public drinking water lakes or wells, and from streams.

As noted, the bill was then perfected on Tuesday morning and third read on Thursday, which sends the legislation along to the House for their consideration.

CLEANER MISSOURI

Representative Dean Plocher was a busy fellow this week. Plocher was also the sponsor of House Joint Resolution 48, which is commonly referred to as Cleaner Missouri, as it intends to undo certain provisions of the Clean Missouri changes to legislative redistricting and lobbyist expenditure limitations and the sunshine law. HJR 48 was also perfected and third read this week by the House.

Clean Missouri placed the redistricting process under the control of a non-partisan State Demographer appointed by the State Auditor. Cleaner Missouri would in effect override some elements of the Clean Missouri initiative. Cleaner Missouri would also reduce the allowable gift expenditure for Representatives and Senators to zero from \$5.

HEARTBEAT LEGISLATION

Rumors abound in the Missouri Capitol during this time of year, but one consistent rumor is that the issue that could disrupt the end of the 2019 session is the so-called "Heartbeat Bill," which would define in state statute when life begins (according to the proposed law) should the *Roe vs. Wade* decision on abortion ever be overturned by the United States Supreme Court.

Senate Republican Leadership and Caucus may be tempted to "move the previous question" on this legislation, thereby taking the issue to an immediate vote, but also likely disrupting the remainder of the session, as Senate Democrats would likely retaliate by not letting any other legislation proceed.

With the 2020 election cycle approaching and pro-life/pro-choice positions still important to the Missouri electorate, it is not unreasonable to construct a scenario where this issue becomes the defining issue of the session.

The underlying bill that passed the Missouri House is House Bill 126, sponsored by Representative Nick Schroer.

WEDNESDAY EVENING/EARLY THURSDAY MORNING SENATE DEBATE

The Senate spent Wednesday afternoon and evening and a couple of hours or so of Thursday morning debating Senate Bill 224, which primarily deals with the rules for discovery in litigation and criminal cases. Senate Bill 224 is sponsored by Parkville freshman Republican Senator Tony Luetkemeyer.

This bill was eventually perfected after a compromise amendment was brokered between the sponsor and members of the Senate that shared a number of the same concerns expressed by the Missouri Association of Trial Attorneys during the public hearing. This compromise could signal that the remaining tort issues that have not yet received comparable floor time could get squeezed out depending on how this bill fairs in the Missouri House.

DOES GENERAL MOTORS WENTZVILLE PLANT EXPANSION BREAK THE ECONOMIC DEVELOPMENT GRIDLOCK?

Two bills in the Senate that were debated this week and then laid over were House Bill 225 and House Bill 255. The debate was centered on concerns expressed by members of the Senate Conservative Caucus that in order for either of these bills to move, the Caucus will need to see some movement on issues of concern to them, which include tax cuts related to the Wayfair decision and education reform.

The debate on these two bills produced some movement towards compromise on these issues, but not enough to get either of the bills to a vote. However, the playing field may have shifted somewhat later in the week, when published reports indicated that General Motors might invest a billion dollars in their existing plants in Wentzville, Missouri, but an incentive package containing Governor Parson's new economic development program might be necessary.

The Wentzville plant is near the legislative districts of Senators Bob Onder and Bill Eigel, two members of the Senate Conservative Caucus. Speculation in the Capitol centers around whether the two might lead some to soften their opposition to the economic development package if it was viewed as directly benefitting their area.

This issue will be an important moving part of the action in the next two weeks, and some speculate that it could spark a special session later in the year.

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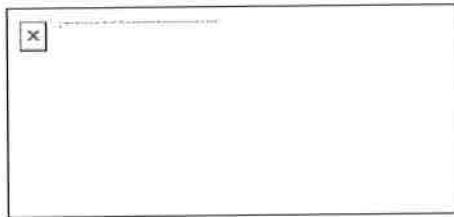


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From: Andy Blunt <ablunt@hbstrategies.us>
Sent: Friday, May 10, 2019 11:58 AM
To: Brown, Nicole
Subject: Missouri Legislative Update



MISSOURI LEGISLATIVE UPDATE

MAY 10, 2019

The 2019 session of the Missouri General Assembly has wound down to the final week, and there is a fair amount of tension in the building. The Prescription Drug Monitoring Program is the hostage in the ongoing drama, as the House and Senate challenge each other over the movement or obstruction of bills. The budget process worked like a well-tuned machine, as the major conference committee action concluded in about six hours on Tuesday, but later in the week that swift movement reversed itself. The General Assembly figured out a way forward on the state operating budget after a rare late Thursday evening.

REMINDER

The next newsletter will reach you by Tuesday, May 21, after the completion of the 2019 General Assembly—Regular Session on Friday, May 17, 2019 at 6:00 PM.

MONDAY AND TUESDAY FILIBUSTERS IN MISSOURI SENATE

Conventional wisdom in the Capitol halls on Monday was that House Bill 188, the PDMP (Prescription Drug Monitoring Program) bill, would be one of the first issues debated on Monday. Conventional wisdom isn't always the most accurate predictor of the flow of issues in the Missouri General Assembly.

The Senate on Monday began with a motion to approve the Senate Journal from the prior Thursday, and that motion was filibustered by Senator Denny Hoskins. Hoskins took the floor to lament the lack of action in the Missouri House on any bills of the 11 bills that were sponsored by the Senate Conservative Caucus and passed over to the House. The bills, according to Hoskins, have languished in both House Rules Committees. The House Rules –Administrative Oversight Committee is chaired by Representative Holly Rehder, who is the sponsor of House Bill 188, the PDMP bill. Hoskins opined that the House was trying to delay and leverage the Conservative Caucus by not passing their bills on for placement on the House calendar.

Later in the week there was some social media sniping between Senator Hoskins and Representative Rehder about the progress of various bills in each Chamber.

As of the end of this week there was no further legislative progress on HB 188.

DACA BOTTLES UP THE BUDGET

As previously noted, the Conference Committee on Budget completed most of its work on the budget in about six hours on Tuesday, and things were on track for the process to be completed well in advance of the Constitutional deadline of 6 p.m. on Friday, May 10. Then things began to unravel on Wednesday, and eventually impacted the progress of the budget conference committee and created some tenuous moments for those hoping to see the budget approved before the Friday deadline.

On Wednesday morning news reports surfaced that language in House Bill 3 (higher education appropriations) would allow DACA students (children of immigrant parents who entered the country illegally/without proper documentation) to attend higher education institutions at the in-state tuition rate, rather than a much higher out of state student tuition rate (some institutions have an international rate that is higher than the out of state tuition rate). The prior language requiring these higher student tuition rates for DACA students, has been in the budget bills for the past four years. Some Republican members would consider allowing higher education institutions the ability to choose what to charge DACA students, however, there is also a large and more vocal group of Republicans that feel very strongly that these students should not be given the same in-state tuition rates because they are not classified as "legal" documented immigrants (it should be noted that it was pointed out on both the House and Senate floor during debate that DACA students are also not classified as "illegal" immigrants

either).

On Thursday morning, when the House took up House Bill 3, House Budget Chairman Cody Smith moved for the Conference Committee Report on House Bill 3 to be approved "tongue in cheek," which means that he was encouraging his colleagues to defeat the motion, thereby opening the door for a change in the language in a further conference.

House Democrats opposed this change in direction for DACA students, but their position was then overrun by the Republican super-majority in the final vote, sending the issue back to the Missouri Senate. The Senate refused to adopt the motion of the House and the two bodies went back to conference and eventually agreed to adopt the House position, but in order to get that process moving, the Senate Budget Vice-Chairman Lincoln Hough (R-Springfield) was replaced on the conference committee by Senator David Sater (R-Cassville).

At about 3 p.m. on Thursday Senators Jason Holsman and Jamilah Nasheed rose on an unrelated bill to speak on the history of immigration and its importance to our country. At that time the message from the House asking for additional conference on HB 3 had not yet been taken up by the Missouri Senate.

After a pretty tense debate in the House, the amended CCR for HB 3 was adopted and the bill sent to the Senate where it was picked up for debate in the Senate sometime after 9:00 PM. Although the debate was generally respectful there were some frustrations expressed by Senators who felt like they caved on their position. Eventually the Senate passed HB 3 and the rest of the state operating budget by around 2:00 AM Friday, and now heads to Governor Parson's desk for his signature.

TRANSPORTATION BONDING

On Thursday morning, the House Budget Committee voted out SS #2 for SCR 14, which is the concurrent resolution that authorized the Office of Administration to enter into an agreement with MODOT for the payment of debt service and interest on the proposed MODOT bridge bonds.

The plan envisioned in SCR 14 and in the Fiscal Year 2020 budget is for MODOT to issue \$301 million in debt for the bonds, which would be repaid over seven years. The FY 2020 budget also includes \$50 million in General Revenue to kickstart the bridge package.

Central to reaching an agreement on this package is the deteriorating status of the Missouri River bridge at Rocheport (about ten miles west of Columbia, Missouri on Interstate 70.). The estimated cost of a new bridge at Rocheport is \$172 million. MODOT has told the House Budget Committee that they have \$20 million in funds set aside for repairs on the bridge that could be used for new construction. That leaves \$152 million that must come from somewhere.

Coincidentally, earlier this week major backups were reported at the Rocheport bridge which occurred when an expansion joint on the eastbound lanes failed and need repair. TV reports showed backed-up traffic and drivers who waited several hours before finally making their way across the single lane which was open while the second lane was closed in the east bound lane.

MODOT has filed a grant to the federal highway agency asking for a grant to fund all or part of the construction. The issuance of the other bridge bonds is contingent upon receiving federal funds for the Rocheport bridge, but there is no amount specified as a qualifier. It is generally viewed that the project will get some federal funding, but not \$152 million. Therefore, it is possible that the federal funding triggers the bond issuance for the other bridge projects, but that a fiscal hole might remain in the funding to construct the Rocheport bridge.

At this point, if that fiscal hole does exist, it is uncertain how it would be addressed. But this concurrent resolution appears poised to pass without any amendments in the Missouri House. Then the process becomes a wait and see approach on how much and whether or not the federal grant is approved.

GENERAL MOTORS INCENTIVES

This week Governor Parson unveiled a proposed incentive package for General Motors to retool and expand their Wentzville, Missouri plant. The incentive package is a little different than traditional economic development packages, in that the incentive is tied to capital investment, rather than the usual metric of job growth.

The plan would give \$5 million in tax credits annually for five years to automobile manufacturers that invest at least \$500 million in new capital expenditures in their facilities and retain the existing jobs. A second investment of \$250 million would allow a second credit of \$5 million for five years. Published reports indicate that GM in Wentzville currently has 4,600 employees, but some in the Capitol place that number at closer to 3,500.

One nuance of the Governor's announcement is that it assumes that the GM component is a part of his overall economic development package, which has received a cool reception by members of the Conservative Caucus in the Missouri Senate. Critics in the Conservative Caucus have taken shots at the Fast Track scholarship program, and the proposed closing fund to incentives.

Late Thursday afternoon/evening, the package was brought up for consideration as an amendment to SB 68. It became clear pretty quickly after the amendment was offered that the vote might be very tight as the debate and an earlier vote on a number of Governor Parson's economic development concepts that were rolled into one amendment showed that there were a number of Republican members that were not big fans of the incentive package because a number of them generally view them to be "corporate welfare." After some lengthy debate the House was able to garner 92 votes (82 are required) to send this package back to the Senate for their consideration. Based on some comments heard in the hallways, it is likely there will be several skeptical Republican Senators that may be willing to filibuster this issue, but clearly this will be a defining issue for the remainder of the session. Current intelligence suggests that the issue will likely come up as soon as Monday for debate in the Missouri Senate. Governor Mike Parson was seen in the halls of the Senate on Thursday, presumably working on this issue.

SPORTS COMPLEX FUNDING

On Thursday afternoon the Senate passed, with a Senate Substitute for House Bill 677, a bill handled by Senator Mike Cierpiot that extends state support to projects in Kansas City and St. Louis that are professional sports venues. The primary supporters of the legislation were the St. Louis Blues and the Jackson County Sports Complex Authority, who advocated for extending current state support in Kansas City, and helping with the renovation of the Enterprise Center in St. Louis.

The Senate Substitute included a claw-back provision for the funding should the sports franchise vacate the facility. That provision was advocated by Jefferson County Senator Paul Wieland.

It appears that with a House vote to concur that this bill is on track to become law.

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From: Andy Blunt <ablunt@hbstrategies.us>
Sent: Monday, May 20, 2019 3:10 PM
To: Brown, Nicole
Subject: Missouri Legislative Session Wrap-Up



MISSOURI LEGISLATIVE WRAP-UP **MAY 20, 2019**

The 2019 legislative session has concluded with a quiet ending versus the possible big bang of a PQ. It seems remarkable given that the early part of the week seemed to suggest that a complete meltdown was on the horizon. The week was dominated by the proposed incentive package for General Motors and abortion. After these deals were cut, the door was open for efficient legislating and the passage of a number of issues. Getting the GM deal and the transportation deal done were major victories for Governor Parson, who had a successful legislative session.

TWO MEMBERS OF MISSOURI HOUSE ANNOUNCE **RESIGNATION**

In the final weeks of the legislative session, State Representatives DaRon McGee (D-Kansas City) and Bruce Franks (D-St. Louis) resigned. At this time, it is uncertain how these announcements will impact their intentions to run for a state Senate seat as both were widely considered potential candidates in their respective districts.

ACTIVITY ON THE HEARTBEAT BILL

Further restrictions on abortions in Missouri had widely been anticipated, and that promise was fulfilled with the passage of House Bill 126, sponsored by Representative Nick Schroer. The amended HB 126 finally passed early Thursday morning, after a night when it at times appeared that the issue might disrupt the remainder of the 2019 Session.

Rather than a heartbeat bill, HB 126 establishes that life begins at eight weeks. The bill also increased the pregnancy resource center tax credit to 70% and took the sunset off of the program.

The amended HB 126 leaves enough wiggle room in the issue that it could be back in the 2020 session.

GENERAL MOTORS/GOVERNOR PARSON'S INCENTIVE PACKAGE

The other issue that looked like it might derail the session on Monday and Tuesday was the incentive package for the GM facility in Wentzville. Ultimately the issue moved forward when the Conservative Caucus cut a deal to sit down with a one-year delay on the business incentive closing fund in exchange for bringing HB 126 to the floor. Some in the lobbying corps were scratching their heads, as it already seemed a certainty that the abortion restriction bill would come up later in the week.

JOINDER AND VENUE LEGISLATION

Senate Bill 7 made it more difficult for plaintiff attorneys to combine plaintiff cases in favorable venues and is headed to the Governor's desk for signature.

CAFO

Senate Bill 391, the bill sponsored by Senator Mike Bernskoetter from Jefferson City also passed. SB 391 would preempt local regulations that would be more restrictive than state laws and rules for Concentrated Animal Feeding Operations.

WAYFAIR LEGISLATION

The push for Wayfair legislation (taxing internet sales at the state level and in other versions state and local) linked with cuts in the top rate of individual income tax just never seemed to gain much steam this session. It was one of the issues that did not get to the finish line.

PRESCRIPTION DRUG MONITORING LEGISLATION (PDMP)

Missouri once again did not pass the PDMP legislation. While Representative Holly Rehder (R-Scott City) fought mightily for this project, she ultimately could not get past the opposition of the Senate Conservative Caucus, which linked any compromise on PDMP to issues that they wanted to pass. Rehder gets closer to passage each year, but the complexity of the personalities coupled with the ability to block legislation makes this issue a difficult task to complete. Look for this issue to come back again next year.

ETHICS REFORM LEGISLATION FOR LOCALS

A bill that would subject local elected officials to the same contribution limits from lobbyists, House Bill 445, passed the Missouri House early in the 2019 session, but never picked up any support in the Missouri Senate and languished in that Chamber for the remainder of the session. It ultimately died without floor debate in the Senate.

CLEANER MISSOURI

It was widely assumed that the so-called Cleaner Missouri proposal, which was intended to repeal two key provisions of the Clean Missouri initiative adopted by the voters in 2018, would get significant floor debate in the Missouri Senate, and possibly a PQ (close debate and force a vote). The underlying bill was House Joint Resolution 48, sponsored by House General Laws Chairman Dean Plocher (R-Town & Country).

The issue stalled when it became a part of the deal on GM, abortion and Cleaner Missouri. Senate Democrats negotiated getting the abortion legislation to a vote (and also no PQ) in exchange for no action on Cleaner Missouri.

The underlying issues would go to a public referendum in 2020, and Cleaner Missouri would trade off

a complete ban on lobbyist gifts (the current limit is \$5) in exchange for taking the State Demographer out of the redistricting process. This issue could still pass the General Assembly in 2020 and get on the 2020 ballot, thereby making the compromise easier to make this year for Republicans in the General Assembly.

LOCAL VOTE FOR CITY/COUNTY MERGER

Another issue led by Representative Plocher (R-Town & Country) was the requirement in House Joint Resolution 54 for a public local vote for any move to require the merger of local governments in St. Louis City and the municipal governments and county government in St. Louis County.

Although this measure had enormous bi-partisan support in the General Assembly, missteps by the Better Together group (advocated for the merger) and the untimely scandal involving St. Louis County Executive Steve Stenger ultimately led to the effort floundering with public opinion.

The missteps included the initial proposal to make the St. Louis County Executive the initial Mayor of the combined City/County entity (Stenger was then indicted and pled guilty to taking political contributions and rewarding the donors with no-work contracts). Better Together also had a local NAACP official endorse the merger proposal, only then to find out that he was being paid by Better Together.

Unless Better Together finds a way to build momentum on this proposal, this legislation may not be necessary next year as it was a defensive play against the City/County merger.

TRANSPORTATION

The General Assembly did give final approval to SCR 14, sponsored by Senate President Pro-Tem Dave Schatz (R-Sullivan). The plan envisioned in SCR 14 and in the Fiscal Year 2020 budget is for MODOT to issue \$301 million in debt for the bonds, which would be repaid in seven years. The FY 2020 budget also includes \$50 million in General Revenue to kickstart the bridges package.

Central to reaching an agreement on this package was the deteriorating status of the Missouri River bridge at Rocheport (about ten miles west of Columbia, Missouri on Interstate 70.). The estimated cost of a new bridge at Rocheport is \$172 million. MODOT has told the House Budget Committee that they have \$20 million in funds set aside for repairs on the bridge that could be used for new construction. That leaves \$152 million that must come from somewhere.

MODOT has filed a grant to the federal highway agency asking for said grant to fund all or part of the construction. The issuance of the other bridge bonds is contingent upon receiving federal funds for the Rocheport bridge, but there is no amount specified as a qualifier. It is generally viewed that the project will get federal funding, but it is unknown whether or not it will amount to \$152 million.

TITLE IX

The issue of changing the process for colleges and universities to address sexual misconduct/assault lost all momentum when it was revealed in public reports that the legislation would help the son of lobbyist Richard McIntosh, who had been expelled from Washington University pursuant to a Title IX verdict. Additionally, the legislation would have ensured that the process would be overseen by an administrative law judge (McIntosh's wife is an Administrative Law Judge). This discovery stopped this issue dead in its tracks. Look for the legislature to possibly weigh in next session on Title IX reforms if they aren't pleased with anticipated changes handed down sometime this summer by the Trump administration.

SCHOOL START DATE

This issue, which has been debated for nearly twenty years, was finally passed on House Bill 604. It stipulates that school cannot start more than 14 days before the first Monday in September.

SPORTS BETTING/VIDEO LOTTERY

The major battle between casinos and other forms of wagering (video lottery terminals) did not come to any resolution this session. Look for this issue to return in the 2020 legislative session.

CHARTER SCHOOLS/EDUCATION SAVINGS ACCOUNTS

These two controversial education reform issues were on the radar early in session, but an untimely traffic accident involving the House sponsor Rebecca Roeber coupled with the fierce opposition of the education lobby. Look for this issue to be among the priority issues during the 2020 session.

TRULY AGREED TO AND FINALLY PASSED LEGISLATION

A list of all legislation that was passed this session will be provided along with your final bill progress matrix this week. As always, if you have specific questions please let us know.

ACCESSING HOUSE AND SENATE BILL COPIES

ELECTRONICALLY

To view House and Senate bill versions online, follow the link <http://www.house.mo.gov/billcentral.aspx>, and type in "HB" or "SB" followed by the appropriate bill number (such as HB1008) to access a summary, history, etc., of each individual bill.

THANK YOU

We appreciate the opportunity to work with you and represent your interests in the State Capitol.



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