

April 7, 2022

This week was pretty normal. The Senate was on the up-and-up and passed several bills. The House dedicated the majority of its time working on the FY 2023 budget which is now headed to the Senate. With only five weeks left in the 2022 regular session, there is still a lot of work left to be done.

Below is a review of both chambers, your floor and committee notes from the week and the usual tidbits.

Please let me know if you have any questions, concerns as we round third base.

House - The Missouri House of Representatives gave approval to the Fiscal Year 2023 State Operating Budget, Fiscal Year 2022 Supplemental Budget, and the stimulus spending package this week along with first round approval on a slew of other legislation. The historic budget which is inflated with federal funding has been through a long and thorough process by the House, which leaves the Senate only four weeks to discuss, prepare, and debate their own version of the budget, then, return it to the House, and hold Conference Committees to negotiate differences between the House and Senate budget bills by the May 6th Constitutional deadline.

Senate - The Senate worked all week in a civil and amicable manner passing an education reform/virtual education bill, five non-controversial consent bills, resolutions, and a comprehensive agriculture tax credit bill. Included in the long line-up of legislation they worked on was a bill that allows limited liability corporations (LLC's) that aren't corporations to contribute to political campaign committees if they submit a letter to the Missouri Ethics Commission stating that they were not created solely for making political contributions. The Senate spent about 4 hours Wednesday night debating a very controversial tort reform bill that would reduce the statute of limitations for filing certain lawsuits from 5 years to 3 years. The bill did not come to a vote and was laid over for further consideration at a later date.

Your Committee and Floor Notes

Professional Employer Organizations

The House dedicated floor time Monday evening to debate HB 2400, sponsored by Representative Dan Houx (R-Warrensburg). This bill provides that both a client and a registered professional employer organization shall each be deemed an employer for purposes of sponsoring retirement and welfare benefits plans for covered employees. After no debate, the House passed the bill by a 136-0 vote. The bill now will be sent to the Senate for further consideration.

Teacher retirement

The House Pensions Committee met Wednesday morning to consider HB 2799 sponsored by Representative Patricia Pike (R - Adrain). The language mirrors the temporary waiver the MO Department of Elementary and Secondary Education put in place during the pandemic and simply extends the waiver. The sponsor's intent with the legislation is to extend the opportunity for retired teachers to work in school districts that are in need of substitute teachers for an additional three years. A substitute was offered and adopted. The HCS now includes HB2494 allows teachers who are receiving a retirement allowance under the Public School Retirement System (PSRS) or the Public Education Employee Retirement System (PEERS) to work in a school district without a discontinuance of the person's retirement allowance. There is an emergency clause. After no discussion, the bill was voted do pass 11 - 0.

State employee retirement systems

The House Pensions Committee met Wednesday morning to consider House Bill 2245 sponsored by Representative Ron Copeland (R - Salem). The bill authorizes uniformed members of the State Highway Patrol relating to the year 2000 retirement plan, to retain the ability to request lump sum payments for service of two or more years after retirement. The plan was available until January 2011 and the sponsors intent with the legislation is to reinstate it. After no discussion, the bill was voted do pass 11-0.

Public school retirement systems

The House Pensions Committee met Wednesday morning to consider HCS HB 2430 sponsored by Representative Rusty Black (R - Chillicothe). The bill allows members of the Public School Retirement System of Missouri who have 32 or more years of creditable service, regardless of age, to have their retirement allowance calculated using a multiplier of 2.55%. The proposal creates a savings for the PSRS system due to teachers continuing contributions, not drawing from the system, and delaying COLA application for years while still teaching. After no discussion, the bill was voted do pass 11 - 0. The adopted version includes HB2161 which repeals the July 1, 2014 termination date of a provision allowing members of the Public School Retirement System of Missouri who have 31 or more years of creditable service to have their retirement allowance calculated using a multiplier of 2.55%. There is an emergency clause.

Sheriffs retirement fund

The House Pensions Committee met Wednesday morning to discuss HJR136 sponsored by Representative Barry Hovis (R - Whitewater). HJR136 proposes a constitutional amendment relating to the sheriffs' retirement fund. Upon voter approval, this proposed Constitutional amendment would add a new section to Article I that would permit a fee of \$7.00 for any initial filing of any civil case in the state courts. The fee would be collected by the court clerk and paid to the State Treasurer to be deposited into the Sheriffs' Retirement Fund. Several committee members asked questions about the fee amount the proposal begins with and the funding mechanism. The Sheriffs Retirement System testified in support. The Missouri Creditors Bar testified in opposition. There was no testimony for informational purposes. The bill sponsor closed by offering to make someone from the Association available to address questions about the fee amount and funding mechanism.

Closing a Loophole

Senator Greg Razer (D-Kansas City) appeared before the Senate Health and Pensions Committee Wednesday afternoon to present SB 712. Currently, a PSRS or PEERS member with 25 or more years of creditable service, or who is at least age 55 with five or more years of creditable service, may elect to receive the actuarial equivalent of the member's retirement allowance in reduced monthly payments for life during retirement. The bill allows a member who elected to receive reduced monthly payments on or before September 1, 2015, with his or her same-sex domestic partner as the nominated beneficiary, to have the retirement allowance increased to the amount he or she would have received if he or she had not elected to receive reduced payments should the retiree attain a court order or the nominated beneficiary consent to their removal in writing. The Public School Retirement System, MO Retired Teachers Association, MO NEA, and AARP supported the bill. No opposing testimony was presented.

Board of Trustees Terms

The Senate Health and Pensions Committee convened Wednesday afternoon to discuss SB 1053, sponsored by Senator Mike Bernskoetter (R-Jefferson City). The bill is the Senate companion to HB 1984, sponsored by Representative Barry Hovis (R-Whitewater), and would allow active employee

members of the Board of Trustees of Missouri Department of Transportation and Highway Patrol Employees' Retirement System to continue their term until June 30, 2028. The sponsor's intent with the legislation is to allow board members to stagger their terms to allow the ability to retain institutional knowledge. The MO State Troopers Association, and MoDOT & Patrol Employees' Retirement System supported the bill. No opposing testimony was presented.

2011 Tier Uniformed Members

The Senate Health and Pensions Committee convened Wednesday afternoon to discuss SB 1155, sponsored by Senator Tony Luetkemeyer (R-Parkville). Currently, all members of Missouri Department of Transportation and Patrol Employees' Retirement System who are hired on or after January 1, 2011 (2011 Tier) are not eligible for the deferred retirement lump sum payment for working in a covered position at least two years after normal retirement eligibility (BackDROP). The bill allows uniformed members of the Missouri State Highway Patrol covered by the 2011 Tier to be eligible for BackDROP. The MO State Troopers Association supported the bill. No opposing testimony was presented. The MoDOT & Patrol Employees' Retirement System presented informational testimony and informed committee members that the bill simply provides uniformed members of the patrol to elect the backdrop from the 2011 tier.

Worker Classification

The House Workforce Development Committee convened Monday afternoon to discuss HB 2498, sponsored by Representative Jeff Porter (R-Montgomery City). The bill is the House companion to SB 863, sponsored by Senator Bob Onder (R-St. Charles), and provides that any person who performs work for an employer and meets certain criteria shall be considered an independent contractor. The criteria outlined in the language includes written contracts specifying independent contractor status, tax filings for earnings from self-employment, and control of work being performed. Additionally, according to the language, transportation network companies like Uber, and Indian tribes are exempt from the provisions of the bill. The U.S. Chamber of Commerce, and Missouri Chamber of Commerce and Industry provided supporting testimony. The Missouri Association of Trial Attorneys, Associated Industries of MO, Mid America Carpenters Regional Council, AFL-CIO, and Operating Engineers provided opposing testimony.

Tidbits

- This week, Governor Mike Parson announced six appointments to various boards and commissions and filled one county office vacancy. Those include: Brian Bender, of Atlanta, was appointed to the Safe Drinking Water Commission; Rodney Campbell Jr., of Fenton, was appointed to the Labor and Industrial Relations Commission; Nicholas Gerth, of Ballwin, was appointed to the State Lottery Commission.; Janet Judd, of Ballwin, was appointed to the Missouri Real Estate Commission; Dennis Knipmeyer, of Higginsville, was appointed to the Safe Drinking Water Commission; Antonio Maldonado, of Florissant, was appointed to the Missouri Commission on Human Rights; Mark Smith, of Piedmont, was appointed as the Wayne County Coroner.
- Attorney General Eric Schmitt is suing the Biden administration for rescinding public health policy Title 42, which allows officials to turn away migrants due to the COVID-19 pandemic. He joins Arizona Attorney General Mark Brnovich and Louisiana Attorney General Jeff Landry in the lawsuit. The three attorneys general argue that the removal of the policy violates the Administrative Procedure Act, is arbitrary and capricious, and that the Biden administration did not conduct the statutorily required notice and comment process. The Center for Disease

Control and Prevention's announcement of the policy's termination came Friday, but it will officially go into effect May 23. The policy has been in effect since March 2020.

- A Missouri task force assigned with overseeing the creation of a statewide prescription drug monitoring program has hired a former state health department veteran to serve as the program's executive director. Dean Linneman, the former director of the Department of Health and Senior Services Division of Regulation and Licensure, was hired April 1. The Joint Oversight Task Force for Prescription Drug Monitoring is made up of six medical professionals and selected Linneman during a closed-door meeting held late last month. In the executive director role, Linneman will work with the task force to oversee the creation of a prescription drug monitoring program, or PDMP, that will allow physicians and pharmacists to track patients' prescriptions.
- Missouri Governor Mike Parson announced an initiative Monday intended to develop and retain a skilled direct support professional workforce. The state Department of Mental Health (DMH) Division of Developmental Disabilities has developed the "Missouri Talent Pathways," a registered apprenticeship program blending on-the-job training and technical instruction. The program culminates in participants earning a certificate as a Certified Direct Support Professional. Objectives of the Missouri Talent Pathways apprenticeship include increasing competency of national best practices and statewide applicability and portability, improving cost and time efficiencies and expanding talent pipelines.
- Missouri medical marijuana dispensaries topped \$30 million in monthly sales for the first time in March as the industry continued to pick up steam. That put overall sales for the 17-month-old program at nearly \$300 million, more than a third of which has come since December. Officials at the Missouri Medical Cannabis Trade Association, an industry group, said the growth was driven by new dispensaries opening and lower prices prompted by the increased competition.

Key Upcoming Dates

- April 18, 2022 – Easter Holiday – No Session
- May 6, 2022 – State Budget finalized per Missouri Constitution
- May 13, 2022 – Last day of the 2022 Legislative Session per Missouri Constitution
- July 1, 2022 – First day of Fiscal Year 2023
- July 14, 2022 – Last day for the Governor to Sign or Veto Bills
- August 28, 2022 – Date Most Legislation Takes Effect (unless another date is specified)
- September 14, 2022 – Veto Session

More Budget - This week, the House finished crafting their version of the FY2023 budget, along with the FY2022 second supplemental budget and HB 3020 which contains the spending plan for the nearly \$2.7 billion in American Rescue Plan Act funds. The House budget plan includes almost \$46.2 billion in spending when the FY2023 fiscal year begins on July 1, 2022. Governor Parson's budget office reported on Tuesday that net general revenue collections for the current fiscal year have increased 5.6% (\$8.29 billion) compared with March 2021 (\$7.85 billion).

The House operates under a balancing rule that bars members from increasing general revenue spending in one area without cutting it in another area. In an attempt to override the balancing rule to allow members to tap into the surplus general revenue, Democratic Leader Crystal Quade (D-Springfield) made a motion to suspend that rule, which ultimately failed. Rarely are many amendments filed for debate

on the House floor as the majority of changes are made during the committee discussion process. However, there were almost 100 amendments filed this year with 49 of them filed on HB 3020 alone. Members spent almost two hours debating HB 3020, as Democratic members argued against Budget Chairman Cody Smith's (R-Carthage) spending plan which left almost \$1.8 billion in General Revenue unspent. Chairman Smith spoke against any amendment which was solely for regional projects arguing any programs must benefit the state as a whole.

The House cut Governor Parson's plan to raise the minimum wage for teachers and removed most of the \$500 million which was planned to be placed immediately into the Missouri State Employee Retirement System. The House version of the budget also includes over \$10 billion for the state's K-12 schools, \$3.4 billion for the Department of Transportation (\$100 million to upgrade low-volume rural roads and \$75 million for a cost-sharing program with cities and counties), almost \$3 billion for Medicaid expansion, \$100 million for broadband infrastructure development (\$25 million for the building and replacing of cell towers), and over \$410 million for water infrastructure grants and lead service line inventories. Finally, other notable inclusions are an additional \$300 million for home health care services for low-income citizens, over \$100 million for the state's aging computer systems, and \$78 million for a new health laboratory. The House also added language through the thirteen FY2023 budget bills which would prohibit public entities from requiring COVID-19 vaccines or COVID-19 testing at general admission events in order to receive public funding.

Although only six hours were allotted to debate all fifteen budget bills, debate lasted for over eight hours on Tuesday before the House provided its first of two necessary approval votes. On Thursday the House picked all fifteen budget bills back up and passed them. The Senate now will begin to craft their version of the budget upon the General Assembly's return from Easter Break. It is expected there will be significant changes made to the House's version of the budget. The deadline to pass the bills is May 6.

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